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PAPER MERCHANT PERFORMANCE

FOR THE YEAR 1983

PAPER MERCHANT PERFORMANCE TRENDS FOR THE YEARS 1973 – 1983

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NATIONAL PAPER TRADE ASSOCIATION, INC.

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Support for the publication of this report is provided by the members of the NPTA through their membership dues. The sale price of the report only partially defrays the entire cost of data collection, processing, and printing **Paper Merchant Performance.**

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INTRODUCTION PAPER MERCHANT PERFORMANCE

FOR THE YEAR 1983

Paper Merchant Performance for the Year 1983 reports the results of a survey of the operations of participating members of the National Paper Trade Association (NPTA) for the calendar year 1983. The survey was designed by the Management Information Committee of the NPTA and Management Foresight, Inc. (MFI) of Columbus, Ohio. Confidential survey forms were sent directly to MFI by participating firms. (A copy of the questionnaire appears in Appendix G.) MFI then checked and cleaned up the data and produced confidential, individual company reports and Industry Performance Surveys (IPS). The information appearing here has been derived from the IPS. This is the seventh consecutive year in which MFI produced the survey for the NPTA.

This edition of Paper Merchant Performance reports merchant performance information from 1973. The text of this report is organized into four chapters according to commodity emphasis groupings that are explained in each chapter.

226 firms, regional divisions and/or branches submitted survey forms. The participating firms represented over $6.8 billion dollars in 1983 sales. (See Appendix A for the numbers of participants and their sales characteristics.)

As in the past, each survey participant received a confidential, individualized Performance Analysis Report (PAR) which compared his firm's performance to the performances of similar groups of firms in the industry. Each PAR contains extensive operational and performance results for the individual firm and for the industry.

The report is organized into four chapters, by type commodity sold:

1) Overall Paper Merchant Performance and Personnel Productivity
2) Printing Paper Merchant Performance
3) Industrial Paper Merchant Performance
4) Dual Paper Merchant Performance

Most financial performance measures in the exhibits and tables are in the form of "composite means" with a smaller number expressed in "medians" and "weighted means." These are defined in more detail in the Appendix.

This year's report includes a new section covering personnel productivity trends over the past several years, with special emphasis on sales compensation data. A large number of NPTA members have requested this information during the year, and hopefully this addition will be valuable to them.

The basic format of each chapter is a presentation and discussion of roughly forty key financial management measures of a printing paper, industrial paper, or dual paper merchant group's performance. In its fullest extent, the PAR survey produces over 300 measures, and members participating in the survey receive in their PAR report much more information than that contained within the consolidated report entitled Paper Merchant Performance. For information about how your company can participate in the survey, please contact the Research Director at (516) 829-3070.

CHAPTER ONE OVERALL PAPER MERCHANT PERFORMANCE

SUMMARY

The NPTA's members distribute industrial and printing paper products; some members specialize in one or the other commodity line; others distribute both commodity lines. With this three way division in product emphasis, the NPTA recognizes three major groups of paper merchants, namely, printing paper merchants, industrial paper merchants, and dual paper merchants. This chapter reports summary performance measures for each of these major groups. The three major groups are discussed in detail in later chapters. (See Appendix A for the characteristics of the major groups of firms and Appendix B for a statement of the survey's methodology.)

Merchants use three different methods to distribute paper, and each method involves different functions. This survey studies distribution methods as sales paths, namely, as warehouse sales, indirect sales and direct sales. Warehouse sales are sales of products from inventory in the merchant's warehouse. The merchant's prices and margins on warehouse sales contain factors covering the storage, handling, delivery, selling and administrative functions involved. Indirect sales are sales of products that the merchant receives from the manufacturer and immediately delivers to his customers without adding them to inventory. The merchant's prices and margins on indirect sales contain factors covering handling, delivery, selling and administrative functions involved. Direct sales are sales of products shipped from the manufacturer to the merchant's customers. The merchant's prices and margins on direct sales contain factors to cover the delivery, selling and administrative functions involved. Sales path margins are reported in the section on profit margin management; and, sales path percentages of total sales are reported here.

Paper merchants in general have expressed a keen interest in the topic of sales compensation during recent years. As the cost of a typical sales call continues to escalate, increased productivity in the inside and outside salesforce becomes an essential ingredient to better profitability and efficiency.

To address this request for sales department/compensation data, we have added a new section to this year's report. Key sales department statistics for 1981-1983 are included in Exhibits 3A, 3B and 3C.

SALES PERFORMANCE

After a disastrous 1982 in which only printing paper merchants had sales increases that kept pace with inflation (as measured by the BLS urban consumer price index), all three merchant groups recorded real sales gains during 1983. Last year was the best year for sales performance since 1979.

Inflation-adjusted sales for printing paper merchants were up 10.8% (14.6% strictly in current dollars). Industrial merchants were second at +4.5% (8.3% current dollars), and dual merchants were third at +2.7% (6.5% current dollars).

In contrast to 1979, the supplier side of the business was much less volatile. The producer price index for printing paper rose only 3.1% in 1983, versus 11.9% in 1979. The industrial paper index rose only 1.2% last year, versus 12.1% during 1979. (See Exhibit 1 for sales changes).

EXHIBIT 1

MAJOR MERCHANT GROUPS' SALES VOLUME CHANGES

AND PRODUCER & CONSUMER PRICE CHANGES

(Percent Changes Over Prior Year)

	1979	1980	1981	1982	1983
SALES VOLUME CHANGES[1]					
ALL PRINTING FIRMS (%)	22.1	7.5	7.9	4.9	14.6
ALL INDUSTRIAL FIRMS (%)	16.9	11.8	11.3	3.5	8.3
ALL DUAL FIRMS (%)	14.2	11.5	8.4	-4.2	6.5
PRICE INDEX CHANGES[2]					
PRINTING PPI (%)[3]	11.9	7.1	11.2	-1.9	3.1
INDUSTRIAL PPI (%)[4]	12.1	10.3	7.6	0.6	1.2
URBAN CPI (%)[5]	13.5	12.4	8.9	3.9	3.8

INDEX SOURCE: Bureau of Labor Statistics, U.S. Department of Labor

[1]All values based on computation of composite averages; see Appendix B regarding such averages.
[2]The calculated changes reflect December to December variations.
[3]The Printing PPI is the code group 091301, namely, Paper, except Newsprint. The code group 091301 includes printing paper, book paper, bond wrapping paper, sack paper, butcher's paper and wax paper.
[4]The Industrial PPI is the code group 0915, namely, Converted Paper and Paperboard Products. The code group 0915 includes sanitary papers & health products (tissues, towels & napkins), paper bags & shipping sacks, paper boxes and containers, tape, office supplies & accessories and composite cans.
[5]The Urban CPI is the Consumer Price Index for All Urban Consumers.

PROFITABILITY PERFORMANCE

Exhibit 2 displays the NPTA/MFI profit model for printing, industrial, and dual merchants from 1979-83. The model is explained in more detail in Appendix C. The model examines profit management in three key areas: sales profit margin management (column 1), asset management (column 2), and financial management (column 4). See Appendix D for definitions of these measures.

Return On Net Sales (RONS - net profit before tax as % net sales) for all three groups rebounded from low 1982 levels. Dual paper firms had the highest 1983 RONS at 2.50%, followed by printing at 2.30% and industrial at 2.19%. Returns are still low in comparison to the early 1980s.

Return On Total Assets (ROTA - net profit before tax as % total assets) was up sharply for industrial merchants in 1983, from 6.86% to 8.64%. ROTA dropped to a five-year low of 9.40% for all printing paper merchants, however. This profitability measure was up slightly to 10.74% for all dual merchants.

EXHIBIT 2

PROFIT MODEL PERFORMANCE[1]
(Composite Average values)[2]

GROUPS OF PAPER MERCHANT FIRMS		(1) NET PROFIT BEFORE TAX / NET SALES (%)	×	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	×	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
ALL	1983	2.30		4.09		9.40		1.96		18.79	17.27
PRINTING	1982	2.10		4.58		9.67		1.82		18.04	17.97
PAPER	1981	3.11		4.54		14.20		1.72		24.30	22.78
FIRMS	1980	3.25		4.58		14.89		1.94		29.02	24.78
	1979	3.16		4.65		14.53		2.26		33.51	25.72
ALL	1983	2.19		3.95		8.64		1.89		16.57	13.97
INDUSTRIAL	1982	1.64		4.20		6.86		1.92		13.48	12.59
PAPER	1981	2.63		4.16		10.94		1.99		22.15	19.24
FIRMS	1980	2.55		3.98		10.17		2.12		21.64	18.11
	1979	2.31		3.93		9.07		2.03		18.69	15.95
ALL	1983	2.50		4.30		10.74		1.76		20.41	18.20
DUAL	1982	2.23		4.70		10.58		1.96		20.86	18.24
PAPER	1981	3.13		4.64		14.55		1.85		23.95	21.28
FIRMS	1980	3.42		4.66		15.32		1.84		28.14	24.41
	1979	3.41		4.32		14.22		1.87		26.56	23.72

[1]See Appendix C for a discussion of the profit model.
[2]See Appendix B for a discussion of composite averages and Appendix D for definitions of measures.
[3]For an explanation of ROCE, see footnote 3, Page 8.

Return On Net Worth (RONW - net profit before tax as % net worth) again was up sharply for all industrial firms, to 16.57% during 1983, but this is still well below early 1980s levels as high as 22%. RONW was improved slightly for all printing paper firms and down slightly for dual merchants. The "financial leverage multiplier," or total assets divided by net worth, dipped to five-year lows of 1.89 times and 1.76 times for industrial and dual firms, respectively, in 1983. This multiplier was up to 1.96 times for printing paper merchants.

PERSONNEL PRODUCTIVITY & SALES COMPENSATION

PRINTING PAPER MERCHANTS

As shown in Exhibit 3A, printing paper merchants overall have the highest net sales per employee of all groups, $354,900 in 1983. This was up 6.4% from the prior year. Gross profits per employee were also highest at $56,800, up 6.7% over 1982. The 1981-83 average yearly increases in these two measures were 3.5% and 2.8%, respectively.

The average printing paper outside sales rep earned $41,500 (pay plus travel expenses) in 1983, while the inside sales service person earned $18,200. Sales per outside sales rep advanced 4.8% to $1.2 million, while

EXHIBIT 3A

PRINTING PAPER MERCHANTS

(All Data Are Medians)

OVERALL PRODUCTIVITY MEASURES	1981	1982	1983	YOUR FIRM
Net Sales Per Employee ($000)	$331.5	$333.4	$354.9	
Gross Profit Per Employee ($000)	53.8	53.2	56.8	
Total Compensation As % Gross Profit	54.7	57.0	56.5	
Personnel Productivity Index (all empl.)[1]	1.83	1.75	1.77	
SALES COMPENSATION MEASURES				
Overall Sales Department				
Sales Per Sales Dept. Employee ($000)	$746.3	$755.7	$782.1	
Gross Profit Per Sales Dept. Emp. ($000)	117.2	118.1	127.8	
Sales Service & Selling Exp. As % Gross Profit	36.0	38.7	37.3	
Outside Sales Reps				
Sales Per Outside Sales Rep ($000)	$1,160.4	$1,160.8	$1,217.0	
Gross Profit Per Outside Sales Rep ($000)	186.9	183.9	195.8	
*Avg. Pay & Travel Exp. ($000)	37.4	43.4	41.5	
*Avg. Pay & Travel Exp. As % G.P. (%)	22.6	24.6	23.2	
Sales Service Personnel				
Sales Per Sales Service Emp. ($000)	$2,208	$2,251	$2,426	
Gross Profit Per Sales Service Emp. ($000)	345.8	347.0	361.0	
Avg. Pay of Sales Service Emp. ($000)	16.0	17.1	18.2	

[1] The Personnel Productivity Index is defined as: gross profit per employee divided by average compensation per employee. This is a measure that compares the gross profit generated by your employees to the total compensation they earn during the period. Other things being equal, you should prefer a higher PPI value.

*Includes supervisors

sales per sales service employee rose 7.8% to $2.4 million. Total company sales are divided by the actual number of sales reps or sales service employees, therefore the higher per person sales figure for the latter.

Gross profit per outside sales rep rose 6.5% to $195,800 in 1983 and was up 4% to $361,000 per sales service employee.

A rise in the "personnel productivity index" is a good sign for paper merchants. The index in 1983 was up marginally, to 1.77. A definition of the index appears in the footnote to Exhibit 3A. Apparently, printing paper sales departments did not perform as well as the whole company in general. Sales per: outside rep, sales service employee and the overall sales department fell far short of the 14.6% median sales increase for all printing paper firms.

EXHIBIT 3B

INDUSTRIAL PAPER MERCHANTS

(All Data Are Medians)

OVERALL PRODUCTIVITY MEASURES

	1981	1982	1983	YOUR FIRM
Net Sales Per Employee ($000)	$184.1	$185.4	$199.4	
Gross Profit Per Employee ($000)	40.7	40.8	44.4	
Total Compensation As % Gross Profit	63.6	64.4	64.1	
Personnel Productivity Index (al mpl.)[1]	1.58	1.56	1.56	

SALES COMPENSATION MEASURES

Overall Sales Department

Sales Per Sales Dept. Employee ($000)	$411.2	$445.1	$495.0	
Gross Profit Per Outside Sales Rep ($000)	95.2	100.4	107.5	
Sales Service & Selling Exp. As % Gross Profit	36.5	39.4	38.9	

Outside Sales Reps

Sales Per Outside Sales Rep ($000)	$546.4	$551.4	$639.4	
Gross Profit Per Outside Sales Rep ($000)	124.0	120.7	148.6	
*Avg. Pay & Travel Exp. ($000)	31.3	32.3	36.0	
*Avg. Pay & Travel Exp. As % G.P. (%)	25.2	24.6	24.1	

Sales Service Personnel

Sales Per Sales Service Emp. ($000)	$1,395	$1,862	$2,120	
Gross Profit Per Sales Service Emp. ($000)	329.9	418.9	451.8	
Avg. Pay of Sales Service Emp. ($000)	14.3	15.3	15.9	

[1] The personnel Productivity Index is defined as: gross profit per employee divided by average compensation per employee. This is a measure that compares the gross profit generated by your employees to the total compensation they earn during the period. Other things being equal, you should prefer a higher PPI value.

*Includes supervisors

INDUSTRIAL PAPER MERCHANTS

Exhibit 3B presents various productivity and sales department statistics for industrial paper merchants. The overall personnel productivity index for this merchant group held steady at 1.56. Net sales per employee rose 7.6% to $199,400 and gross profits per employee advanced 8.8% to $44,400.

The average industrial paper outside sales rep earned $36,000 (pay plus travel expenses) in 1983, while the inside sales service person earned $15,900. Compensation for the former rose a hefty 11.5%, and for the latter only 3.9%. Sales generated per outside rep increased 15.9% to $639,400 and gross profits were up over 23% to $148,600. The average sales service person generated $2.1 million in sales, up 13.9%, and produced an average of $451,800 in gross profit in 1983, up 7.9%. Comparison of sales generated by these two kinds of employees should be made with caution, since total company sales are divided by the number of people employed. Usually there are less sales service people, so that their average sales will naturally be much higher.

Generally speaking, industrial paper sales departments are more than "pulling their own weight." The median sales volume change for all industrial firms in 1983 was 8.3%, but the sales department overall posted an 11% increase in sales per employee. This is significantly higher than the 7.6% increase in total company net sales per employee.

DUAL PAPER MERCHANTS

Exhibit 3C presents productivity and sales department measures for dual paper merchants. Productivity as measured by the personnel productivity index (explained in footnote) was sluggish during 1983. The index stood at 1.66, versus 1.74 in 1981.

With an average 6.5% sales volume increase for all dual firms in 1983, the only sales department people who bettered this increase were outside sales reps. They increased their sales per outside sales rep 12.7% to $968,600. Gross profits per outside rep rose 6.1% to $164,00. Performance in the sales service area was sluggish, however. Sales generated per sale service employee inched up less than 1% to $1.8 million, and gross profits per sales service employee actually dropped 7.3% to $301,500.

The median increase in an outside sales rep's compensation (pay plus travel expenses) was 9.4%, to $40,900, while the corresponding increase in a sales service employee's salary was only 1.9%, to $16,200. Since 1981, the outside sales rep's compensation has taken a smaller bite out of gross profits, 24.8% during 1983.

EXHIBIT 3C

DUAL PAPER MERCHANTS

(All Data Are Medians)

OVERALL PRODUCTIVITY MEASURES

	1981	1982	1983	YOUR FIRM
Net Sales Per Employee ($000)	$253.9	$259.5	$289.2	
Gross Profit Per Employee ($000)	48.1	47.6	50.8	
Total Compensation As % Gross Profit	57.3	60.6	60.3	
Personnel Productivity Index (all empl.)[1]	1.74	1.65	1.66	

SALES COMPENSATION MEASURES

Overall Sales Department

Sales Per Sales Dept. Employee ($000)	$565.5	$580.7	$602.3	
Gross Profit Per Outside Sales Rep ($000)	105.2	103.9	108.8	
Sales Service & Selling Exp. As % Gross Profit	34.3	35.1	36.2	

Outside Sales Reps

Sales Per Outside Sales Rep ($000)	$864.6	$859.8	$968.6	
Gross Profit Per Outside Sales Rep ($000)	162.2	154.6	164.0	
*Avg. Pay & Travel Exp. ($000)	37.7	37.4	40.9	
*Avg. Pay & Travel Exp. As % G.P. (%)	26.8	25.7	24.8	

Sales Service Personnel

Sales Per Sales Service Emp. ($000)	$1,638	$1,806	$1,820	
Gross Profit Per Sales Service Emp. ($000)	324.9	325.1	301.5	
Avg. Pay of Sales Service Emp. ($000)	15.5	15.9	16.2	

[1] The Personnel Productivity Index is defined as: gross profit per employee divided by average compensation per employee. This is a measure that compares the gross profit generated by your employees to the total compensation they earn during the period. Other things being equal, you should prefer a higher PPI value.

*Includes supervisors

CHAPTER TWO PRINTING PAPER MERCHANT PERFORMANCE

Printing paper merchants are paper distributors who obtain 80%, or more, of their sales dollars from the sale of printing paper products. In this survey, printing paper sales include sales of fine paper, envelopes, cut and standard sizes, text and covers and printing supplies (toner, inks, blankets, plates, etc.) as well as punching and cutting as a service of printing paper sales. (See Appendix A for the characteristics of merchants studied in this report.)

EXHIBIT 4
SALES PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	13.7	17.6	22.1	7.5	7.9	4.9	14.6	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	49.1	52.9	42.1	39.5	36.5	44.1	43.9	43.0	45.7	
INDIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	6.2	4.2	4.6	5.6	5.1	4.5	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	42.4	41.8	47.2	48.8	48.4	48.8	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	57.6	58.2	52.8	51.2	51.6	51.2	
AVERAGE WAREHOUSE ORDER SIZE ($)	156	178	232	236	299	297	322	332	370	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	718	886	920	800	940	877	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	263	318	314	317	354	384	
AVERAGE DIRECT ORDER SIZE ($)	1,488	2,733	3,810	4,026	4,696	4,485	4,864	4,187	6,050	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable.

SALES PERFORMANCE

Exhibit 4 reports nine sales performance measures. Printing paper merchants' sales volume improved sharply during 1983, up 14.6%. This was the best sales increase since 1979, and far surpassed the 3.1% rate of inflation in printing paper as measured by the Bureau of Labor Statistics.

The percentage of direct sales for printing paper merchants has been trending downward over the past several years, to a six-year low of 51.2% by 1983. This has also been true of indirect sales, 4.5% in 1983. Conversely, warehouse sales have accounted for an increasingly larger share, reaching a seven-year high of 45.7% by 1983.

The average direct order size skyrocketed during 1983, rising 44% to a ten-year peak of $6,050. This is much higher than the 11.4% rise in warehouse order size (to $370), and a 6.7% drop in the average indirect shipment (to $877).

EXHIBIT 5

PRINTING PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	x	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	x	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1983	2.30		4.09		9.40		1.96		18.79	17.27
1982	2.10		4.58		9.67		1.82		18.04	17.97
1981	3.11		4.54		14.20		1.72		24.30	22.78
1980	3.25		4.58		14.89		1.94		29.02	24.78
1979	3.16		4.65		14.53		2.26		33.51	25.72
1978	2.35		4.40		10.50		2.29		24.29	19.69
1977	2.65		4.11		11.30		1.79		21.12	22.19
1976	3.43		3.79		13.00		1.61		20.94	19.5
1975	3.72		3.31		12.31		1.65		20.32	20.9
1974	4.99		3.91		19.50		1.74		33.87	30.9
1973	3.60		3.30		11.89		1.82		21.66	18.4

[1]See Appendix C for a discussion of the MFI Profit Model.

[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.

[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments". In 1978 and later years, Bank Loans Due in Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measure.

PROFITABILITY PERFORMANCE

The profit model in Exhibit 5 analyzes the performance of the distribution firm (and industry) in view of its production of profit or increase in resources. (See Appendix C for a discussion of the profit model.) The model is very comprehensive and studies a firm's profit performance in its sales management, the management of assets as resources used to generate these sales, and on the management of assets as they are subject to creditor/owner claims.

The measure Return On Net Worth (RONW) combines sales, asset, and investment management. Exhibit 5 reports RONW under column 5 as "Net Profit Before Tax As a Percentage of Net Worth." Printing paper merchants' RONW recovered slightly in 1983 to 18.79%, but this is still well below historical standards. Return On Total Assets (ROTA), under column 3, hit a new 10-year low of 9.40%. Return On Net Sales (RONS), under column 1, was up slightly to 2.30%. This is still low by historical comparison. Return On Capital Employed, under column 6, also fell to a new 10-year low of 17.27%.

Consequently, printing paper merchants had another tough year for profitability, with moderate improvement in some areas.

PROFIT MARGIN MANAGEMENT

Exhibit 6A presents ten key measures of profit margin management in three main areas: sales profitability performance, operating expense control, and personnel productivity.

Prior to 1978, merchant sales were studied in terms of two sales paths (i.e. warehouse sales and direct sales). Beginning with the report for 1978, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths - warehouse and direct sales as before and also for indirect and warehouse + indirect sales.

With the exception of indirect margins, all gross margins relative to sales fell or remained the same in 1983. Margins are low by historical comparison, with a significant decline for direct gross margins.

Operating expenses are still taking a bigger bite out of gross margin dollars versus five and ten years ago, but printing paper merchants did, to their credit, manage to reduce expenses in 1983. Total operating expenses as a percent of gross margin were cut from 86.6% to 85.3% by 1983.

Personnel productivity was improved during 1983. After a sluggish 2.2% increase in net sales per employee,

this measure was up 8.1% to $387,800 per employee last year. Gross margins per employee actually fell in 1982, but recovered to a 5.9% gain to $52,900 in 1983. Sales service and selling expenses as a percent of gross margin was reduced a full percentage point, bringing this measure more in line with historical patterns, to 37.5%.

As one can see via Exhibit 6B, values for six of these profit margin performance measures were much better for the upper quartile group of printing paper firms, most noticeably in the area of operating expense control.

EXHIBIT 6A

PROFIT MARGIN PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages)

	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
PROFITABILITY[1]										
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)	24.2	25.6	24.4	24.8	24.7	24.5	24.5	23.3	23.0	
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	--	--	16.5	17.7	17.7	17.5	17.0	17.6	
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	--	--	23.7	24.2	24.2	24.1	22.9	22.7	
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	9.1	8.5	7.3	7.4	7.6	7.5	7.2	7.1	6.6	
OPERATING EXPENSE CONTROL										
OPERATING EXPENSE -- % OF GROSS MARGIN (%)	80.1	80.4	82.2	83.8	78.2	78.9	80.4	86.6	85.3	
NON-PEOPLE EXPENSE -- % OF GROSS MARGIN (%)	--	--	--	--	--	25.8	26.3	29.2	28.6	
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	48.8	53.5	56.6	56.3	52.7	53.2	53.8	57.3	57.1	
PERSONNEL PRODUCTIVITY										
NET SALES PER EMPLOYEE ($000)	168.8	173.3	244.4	281.1	342.1	329.4	351.0	358.8	387.8	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	35.8	41.0	50.2	51.3	54.2	52.9	56.0	
SALES SVC & SELL EXPENSE -- % GROSS MARGIN (%)	34.7	34.9	37.9	38.2	36.5	35.7	36.3	38.5	37.5	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

EXHIBIT 6B

SOME PROFIT MARGIN PERFORMANCE GOALS FOR PRINTING PAPER MERCHANT FIRMS
(Based on 1983 Business Conditions & Performances)

	UPPER QUARTILE[1] OF ALL PRINTING PAPER FIRMS	MEDIAN[2] OF HIGH PROFIT (ROTA) GROUP
PROFITABILITY		
WHSE PP GM -- % WHSE PP SALES (%)	25.62	24.04
DIR PP GM -- % DIR PP SALES (%)	7.88	6.99
OPERATING EXPENSE CONTROL		
OPERATING EXPENSES -- % GROSS MARGIN (%)	80.40	77.70
NON-PEOPLE EXPENSES -- % GROSS MARGIN (%)	25.13	25.49
TOTAL COMPENSATION -- % GROSS MARGIN (%)	54.08	54.07
PERSONNEL PRODUCTIVITY		
GROSS MARGIN PER EMPLOYEE ($)	62,470	62,220

[1]After individual company values have been calculated and ordered by size, the value standing in the middle of the upper half of values is the upper quartile. The upper quartile is the average of the values in the 25th + 26th position in a set of 100 all firms' values.
[2]After individual company values have been calculated and ordered by size, the value standing in the middle of the top quarter of values is the median of the high profit group. The median of the high profit group is the average of the values in the 12th + 13th positions in a set of 100 ROTA profit group firms' values (See Appendix B for ROTA Profit Groups).

ASSET MANAGEMENT PERFORMANCE

Exhibit 7A presents four key asset management performance measures in three asset management areas.

The most comprehensive asset management measure reported is Net Sales To Total Assets, or Total Assets Turnover. Printing paper merchants' Total Assets Turnover dropped sharply in 1983 to the lowest value since 1976 - 4.09 times.

Inventory turnover dropped slightly to 4.80 times per year, not as rapid as the prior six years. Gross Margin Return On Inventory (GMROI) fell for

the fourth consecutive year, to 143%. This is the lowest figure since 1975.

The Average Collection Period was cut to 43.5 days during 1983, versus a 1979-83 five-year average of 43.9 days and a ten-year average collection period of 46.3 days.

Exhibit 7B presents the upper quartile asset management performance measures for printing paper merchants to strive for, although some measures such as inventory turnover and average collection periods are to a large degree dependent upon individual company policy and style of operation.

EXHIBIT 7A

ASSET MANAGEMENT PERFORMANCE MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Composite Averages, Unless Otherwise Noted)

	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
OVERALL ASSET MANAGEMENT										
NET SLS TO TOTAL ASSETS (X)	3.30	3.31	4.11	4.40	4.65	4.56	4.55	4.58	4.09	
INVENTORY MANAGEMENT										
INVENTORY TURNOVER (X)[1]	4.70	3.97	5.51	4.98	6.01	5.13	4.85	4.95	4.80	
GROSS MARGIN RETURN ON INVENTORY ($)[2]	150	137	175	164	197	166	158	151	143	
ACCOUNTS RECEIVABLE MANAGEMENT										
AV. COLLECTION PERIOD (DAYS)[3] (Weighted Mean)	53	53	45.4	48.0	46.0	42.5	43.1	44.2	43.5	

Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude indirect sales for 1978 and later years.

[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.

[3]The calculation approach used for each measure is defined in Appendix D.

FINANCIAL MANAGEMENT

Exhibit 8 presents four measures of printing paper merchants' financial management. Both total debt and current debt relative to net worth rose significantly during 1983, reversing the three-year decline in debt load for 1979-82. The printing paper merchants' ability to pay current debts, as measured by the "Quick Ratio" (current assets minus inventory, to current debt) and days payable outstanding also worsened. Payables stretched out to 21.7 days, highest since 1978.

EXHIBIT 7B

SOME ASSET MANAGEMENT PERFORMANCE GOALS FOR PRINTING PAPER MERCHANT FIRMS
(Based on 1983 Business Conditions & Performances)

	UPPER QUARTILE[1] OF ALL PRINTING PAPER FIRMS	MEDIAN[2] OF HIGH PROFIT (ROTA) GROUP
OVERALL ASSET MANAGEMENT		
NET SALES TO TOTAL ASSETS (X)	5.13	4.07
INVENTORY MANAGEMENT		
INVENTORY TURNOVER (X)	6.12	5.45
GROSS MARGIN RETURN ON INVENTORY (%)	188.45	169.39
ACCOUNTS RECEIVABLE MANAGEMENT		
DAYS SALES IN ACCOUNTS RECEIVABLE ON NOV. 30 (DAYS)[3]	37.8	41.3

[1]The upper quartile is the value standing in the middle of the top half of the ordered values. In a set of about 100 values, the upper quartile is about 25th from the top.
[2]The median of the high profit group (See Appendix B for the ROTA Profit Groups) us the value standing in the middle of the top quarter of the ordered values. In a set of about 100 values, the median of the high profit group is about 12th from the top.
[3]This is a more precisely defined measure of collection period than Average Collection Period which is based on sales for the year. Days Sales... is calculated by dividing credit sales for Oct. + Nov. by 61 to get a more accurate measure of average credit sales per day and then diviuing this value into the trade notes and accounts receivable (after reserve for bad debts) on Nov. 30.

EXHIBIT 8

FINANCIAL MANAGEMENT MEASURES FOR PRINTING PAPER MERCHANTS
(All Values Are Medians)

FINANCIAL LEVERAGE	1979	1980	1981	1982	1983
TOTAL DEBT TO NET WORTH (%)	158.7	131.4	99.8	84.42	93.67
CURRENT DEBT TO NET WORTH (%)	127.4	104.5	80.6	72.26	84.06
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.26	1.51	1.52	1.70	1.38
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	21.0	21.4	19.4	19.8	21.7

CHAPTER THREE INDUSTRIAL PAPER MERCHANT PERFORMANCE

Industrial paper merchants are paper distributors who obtain 80% or more of their sales dollars from the sale of industrial paper products (such as: sanitary papers, food service disposables, packaging equipment, protective packaging, shipping boxes, tapes, janitorial supplies, retail/matched packaging, health care disposables). See Appendix A for the characteristics of merchants studied in the report.

SALES PERFORMANCE

Exhibit 9 reports nine sales performance measures. Sales by industrial paper merchants' rose 8.3% during 1983, outpacing the inflation rate of 1.2% reported by the Bureau of Labor Statistics for industrial paper (converted paper and paperboard products). This was a significant real increase of 7.1% and approaches pre-1982 recession gains

EXHIBIT 9
SALES PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	7.1	13.4	16.9	11.8	11.3	3.5	8.3	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	74.3	77.6	76.8	68.9	69.9	74.7	71.8	66.3	69.7	
INDIRECT SALES[2] -- % TOTAL SALES (%)	-	--	--	10.6	7.0	5.4	7.6	6.2	5.9	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	81.7	77.4	79.4	78.0	75.5	76.1	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	18.3	22.6	20.8	22.0	24.5	23.9	
AVERAGE WAREHOUSE ORDER SIZE ($)	106	135	154	163	163	180	196	250	243	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	240	278	296	256	309	372	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	151	167	190	206	248	237	
AVERAGE DIRECT ORDER SIZE ($)	444	649	506	775	1,105	1,060	1,260	1,476	1,500	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable.

enjoyed during the 1978-81 period.

Warehouse sales have always accounted for the lion's share of total industrial paper merchant's business. These sales represented 69.7% of the total in 1983, up from 66.3% the year before. Indirect sales fell to 5.9% and direct sales accounted for the remaining 23.9% - a historically high share.

PROFITABILITY PERFORMANCE

The profit model studies the performance of the distribution firm (and industry) in light of its production of profit or increase in resources. (See Appendix C for a discussion of the profit model.) The model is comprehensive; it studies a firm's profit performance on its sales management, on its management of assets as resources used in generating those sales and on its management of assets as they are subject to creditor/owner claims.

The measure Return On Net Worth (RONW) combines sales, asset, and investment management. Exhibit 10 reports RONW under column 5 as the measure "Net Profit Before Tax As a Percentage of Net Worth." Industrial paper merchants' RONW recovered noticeably from a disastrous decline last

EXHIBIT 10

INDUSTRIAL PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	x	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	x	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1983	2.19		3.95		8.64		1.89		16.57	13.97
1982	1.64		4.20		6.86		1.92		13.48	12.59
1981	2.63		4.16		10.94		1.99		22.15	19.24
1980	2.55		3.48		10.17		2.12		21.64	18.11
1979	2.31		3.93		9.07		2.03		18.69	15.95
1978	2.15		4.02		8.66		1.99		17.23	14.61
1977	2.53		3.83		9.49		2.00		18.97	18.69
1976	3.31		3.69		12.22		2.09		25.55	20.1
1975	3.65		3.71		13.56		2.11		28.57	23.6
1974	4.33		3.54		15.31		2.20		33.74	25.8
1973	2.63		3.32		8.73		2.21		19.33	15.1

[1]See Appendix C for a discussion of the MFI Profit Model.

[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.

[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments". In 1978 and later years, Bank Loans Due in Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measure.

year, to 16.57% by 1983. Return On Total Assets (ROTA), under column 3, recovered nicely to 8.64%, but is still low by historical standards. Return On Net Sales (RONS), under column 1, also was up significantly to 2.19%. This is approaching post-1978 levels. Return On Capital Employed, column 6, was up more than a full percentage point to 13.97% but this is still the second lowest figure achieved in eleven years.

In sum, industrial paper merchants also had another tough year for profitability performance, but improvements are being made slowly.

PROFIT MARGIN MANAGEMENT

Exhibit 11A presents ten key measures of profit margin management in three main areas: sales profitability performance, operating expense control, and personnel productivity.

Prior to 1978, merchant sales were studied in terms of two sales paths (i.e. warehouse sales and direct sales). Beginning with the report for 1978, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths - warehouse and direct sales as

EXHIBIT 11A

PROFIT MARGIN PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages)

	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
PROFITABILITY[1]										
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)	23.7	25.3	23.8	24.3	25.2	25.0	25.5	23.1	22.9	
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	--	--	22.9	25.1	25.7	26.4	24.3	22.7	
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	--	--	23.6	24.4	25.4	24.8	23.0	22.7	
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	13.2	13.9	13.8	14.2	15.3	14.1	14.8	11.6	12.0	
OPERATING EXPENSE CONTROL										
OPERATING EXPENSE -- % OF GROSS MARGIN (%)	88.4	85.3	89.2	90.7	89.0	89.3	89.7	95.1	92.9	
NON-PEOPLE EXPENSE -- % OF GROSS MARGIN (%)	--	--	--	--	--	27.5	26.1	27.8	27.5	
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	63.8	61.7	65.6	64.3	63.3	61.4	63.6	65.4	64.0	
PERSONNEL PRODUCTIVITY										
NET SALES PER EMPLOYEE ($000)	99.5	123.1	134.7	139.9	150.8	159.0	180.0	204.6	217.6	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	29.8	30.3	33.7	36.6	40.6	41.6	44.5	
SALES SVC & SELL EXPENSE -- % GROSS MARGIN (%)	36.7	35.0	35.7	36.9	36.2	36.1	35.5	38.6	38.3	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

EXHIBIT 11B

SOME PROFIT MARGIN PERFORMANCE GOALS FOR INDUSTRIAL PAPER MERCHANT FIRMS
(Based on 1983 Business Conditions & Performances)

	UPPER QUARTILE[1] OF ALL INDUSTRIAL PAPER FIRMS	MEDIAN[2] OF HIGH PROFIT (ROTA) GROUP
PROFITABILITY		
WHSE IP GM -- % WHSE IP SALES (%)	26.95	23.84
DIR IP GM -- % DIR IP SALES (%)	17.43	11.15
OPERATING EXPENSE CONTROL		
OPERATING EXPENSES -- % GROSS MARGIN (%)	86.94	83.17
NON-PEOPLE EXPENSES -- % GROSS MARGIN (%)	24.92	22.19
TOTAL COMPENSATION -- % GROSS MARGIN (%)	59.16	60.92
PERSONNEL PRODUCTIVITY		
GROSS MARGIN PER EMPLOYEE ($)	54,290	49,370

[1]After individual company values have been calculated and ordered by size, the value standing in the middle of the upper half of values is the upper quartile. The upper quartile is the average of the values in the 25th + 26th positions in a set of 100 all firms' values.
[2]After individual company values have been calculated and ordered by size, the value standing in the middle of the top quarter of values is the median of the high profit group. The median of the high profit group is the average of the values in the 12th + 13th postitions in a set of 100 ROTA profit group firms' values (See Appendix B for ROTA Profit Groups).

before and also for indirect and warehouse + indirect sales.

Warehouse gross margins fell to a new low of 22.9% during 1983, as did indirect margins, falling to 22.7%. Direct gross margins, however, improved slightly to 12.0%, although this is still low by historical standards of 14-15% between 1975 and 1981.

Total operating expenses as a percent of gross margins were reduced to 92.9% in 1983 but this remains higher than the 1973-82 ten-year average of 88.5%. Non-people expenses and total employee compensation were cut slightly and are in line with historical levels.

As for personnel productivity, net sales and gross margin dollars per employee were up 6.4% to $217,600 and 7.0% to $44,500, respectively. Gains in net sales per employee were roughly half the 1982 increase but gross margin improvement was much better than the prior year. Sales service and selling expenses as a percent of gross margin were 38.3%, still at high levels. The ten-year average for this measure was 36.1%.

Exhibit 11B presents profitability, operating expense control and personnel productivity measures for the upper quartile and high profit (ROTA) groups of industrial merchants. Gross margin per employee was as much as 22% higher than the average, and warehouse gross margin was 17.7% higher for these firms. Direct gross margins were a dramatic 45% better.

EXHIBIT 12A

ASSET MANAGEMENT PERFORMANCE MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Composite Averages, Unless Otherwise Noted)

	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
OVERALL ASSET MANAGEMENT										
NET SLS TO TOTAL ASSETS (X)	3.32	3.71	3.83	4.02	3.93	4.00	4.16	4.20	3.95	
INVENTORY MANAGEMENT										
INVENTORY TURNOVER (X)[1]	6.78	6.54	6.89	7.57	6.44	6.61	7.07	6.07	6.26	
GROSS MARGIN RETURN ON INVENTORY (%)[2]	211	222	247	243	217	221	242	182	184	
ACCOUNTS RECEIVABLE MANAGEMENT										
AV. COLLECTION PERIOD (DAYS)[3] (Weighted Mean)	40	35	36.1	40.1	40.5	39.4	38.2	38.6	36.7	

[1]Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude indirect sales for 1978 and later years.

[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.

[3]The calculation approach used for each measure is defined in Appendix D.

ASSET MANAGEMENT PERFORMANCE

Exhibit 12A presents four key asset management performance measures in three asset management areas.

The most comprehensive asset management measure, Net Sales To Total Assets (or Total Assets Turnover), was down slightly to 3.95 times in 1983. However, this seems to be in line with historical performance.

Inventory Turnover improved slightly to 6.26 turns per year, but this is still the second lowest rate in eleven years. Gross Margin Return on Inventory (GMROI) was up marginally to 18.4% but remains well below the past ten years' rate.

The average collection period was cut two full days to 36.7, continuing a general shortening in the collection period begun in 1979.

Exhibit 12B presents several upper quartile group asset management performance measures. Total Assets Turnover is as much as 21% better for these firms, inventory turnover is nearly 54% faster, the GMROI is 73% better, and the average collection period is more than five days shorter than the average industrial merchant.

EXHIBIT 12B

SOME ASSET MANAGEMENT PERFORMANCE GOALS FOR INDUSTRIAL PAPER MERCHANT FIRMS
(Based on 1983 Business Conditions & Performances)

	UPPER QUARTILE[1] OF ALL INDUSTRIAL PAPER FIRMS	MEDIAN[2] OF HIGH PROFIT (ROTA) GROUP
OVERALL ASSET MANAGEMENT		
NET SALES TO TOTAL ASSETS (X)	4.81	4.13
INVENTORY MANAGEMENT		
INVENTORY TURNOVER (X)	9.63	7.57
GROSS MARGIN RETURN ON INVENTORY (%)	318.1	268.7
ACCOUNTS RECEIVABLE MANAGEMENT		
DAYS SALES IN ACCOUNTS RECEIVABLE ON NOV. 30 (DAYS)[3]	31.4	32.3

[1]The upper quartile is the value standing in the middle of the top half of the ordered values. In a set of about 100 values, the upper quartile is about 25th from the top.

[2]The median of the high profit group (See Appendix B for the ROTA Profit Groups) is the value standing in the middle of the top quarter of the ordered values. In a set of about 100 values, the median of the high profit group is about 12th from the top.

[3]This is a more precisely defined measure of collection period than Exhibit 12A's Average Collection Period which is based on sales for the year. Days Sales... is calculated by dividing credit sales for Oct. + Nov. by 61 to get a more accurate measure of average credit sales per day and then dividing this value into the trade notes and accounts receivable (after reserve for bad debts) on Nov. 30.

FINANCIAL MANAGEMENT

Exhibit 13 presents four measures of industrial paper merchants' financial management. Total debt to net worth was at 90.6%, up slightly from 1982 but well below the 1978-1980 levels. Industrial paper merchants' ability to meet current debt obligations, as measured by the "Quick Ratio" (current assets minus inventory, to current debt) moved up to 1.43 times, the highest figure in six years. Days payable outstanding were at low levels - 21.7.

EXHIBIT 13

FINANCIAL MANAGEMENT MEASURES FOR INDUSTRIAL PAPER MERCHANTS
(All Values Are Medians)

	1979	1980	1981	1982	1983
FINANCIAL LEVERAGE					
TOTAL DEBT TO NET WORTH (%)	108.7	111.2	88.5	88.2	90.6
CURRENT DEBT TO NET WORTH (%)	74.4	71.3	67.7	70.5	69.5
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.24	1.32	1.38	1.34	1.43
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	25.1	23.3	22.3	21.3	21.7

CHAPTER FOUR DUAL PAPER MERCHANT PERFORMANCE

Dual paper merchants are distributors providing the full spectrum of paper products who obtain less than 80% of their total sales dollars from the sale of either printing or industrial papers. (See Appendix A for the characteristics of merchants studied in this report.)

SALES PERFORMANCE

Exhibit 14 reports nine sales performance measures for dual paper merchants. Their sales rebounded significantly from 1982 performance, rising 6.5% in 1983. This was well above the 3.8% increase in the Bureau

EXHIBIT 14

SALES PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages)[1]

PERFORMANCE MEASURES	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
% SALES CHANGE OVER PRIOR YEAR (%)	--	--	11.6	13.0	14.2	11.5	8.4	-4.2	6.5	
WAREHOUSE SALES[2] -- % TOTAL SALES (%)	57.2	58.9	58.7	53.3	58.1	55.2	55.2	61.3	56.6	
INDIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	6.8	7.1	6.4	7.2	8.0	7.8	
WHSE & IND SALES[2] -- % TOTAL SALES (%)	--	--	--	59.6	63.1	61.7	62.0	68.8	64.5	
DIRECT SALES[2] -- % TOTAL SALES (%)	--	--	--	40.4	36.9	38.4	38.0	31.2	35.5	
AVERAGE WAREHOUSE ORDER SIZE ($)	114	167	209	212	234	282	304	283	296	
AVERAGE INDIRECT ORDER SIZE ($)	--	--	--	513	535	624	635	548	577	
AVERAGE WHSE & IND ORDER SIZE ($)	--	--	--	222	248	298	319	298	296	
AVERAGE DIRECT ORDER SIZE ($)	1,169	1,693	2,110	2,266	2,424	2,796	2,948	2,193	2,708	

Sources: Values for 1976 and earlier: Price Waterhouse and NPTA.
Values for 1977 and later: Management Foresight, Inc.

[1]See Appendix B for a discussion of composite averages.
[2]As discussed in Appendix E, the addition of an "indirect sales" category reduced the comparability of the 1978, and later, sales values to the 1977, and earlier, results. However, the 1978 and later results are mutually comparable

of Labor Statistics' urban consumer price index, but lower than sales gains posted by both industrial and printing paper merchants.

The share of total dollar volume represented by warehouse sales dipped sharply during 1983, form 61.3% to 56.6%. 1982 seems to have been an atypical year, since the ten-year average from 1973-1982 was 56.7% warehouse sales. Direct sales, conversely, jumped to 35.5% of the total, still low by historical standards. Indirect sales stayed roughly the same at 7.8%.

The average direct order size jumped a sizeable 23.5% to the third highest value in eleven years, $2,708. The average warehouse order size was up 4.6% to $296 in 1983 and the average indirect order size rose 5.3% to $577.

EXHIBIT 15

DUAL PAPER MERCHANTS' PROFIT MODEL PERFORMANCE[1]
(Composite Average Values)[2]

	(1) NET PROFIT BEFORE TAX / NET SALES (%)	x	(2) NET SALES / TOTAL ASSETS (X)	=	(3) NET PROFIT BEFORE TAX / TOTAL ASSETS (%)	x	(4) TOTAL ASSETS / NET WORTH (X)	=	(5) NET PROFIT BEFORE TAX / NET WORTH (%)	(6) RETURN ON CAPITAL EMPLOYED[3] (%)
1983	2.50		4.30		10.74		1.76		20.41	18.20
1982	2.23		4.70		10.58		1.96		20.86	18.24
1981	3.13		4.64		14.55		1.85		23.95	21.28
1980	3.42		4.66		15.32		1.84		28.14	24.41
1979	3.41		4.32		14.22		1.87		26.56	23.72
1978	2.85		4.57		12.40		1.94		23.99	20.23
1977	2.65		4.53		12.29		1.90		23.40	20.72
1976	2.71		4.48		12.13		1.98		23.95	19.6
1975	3.53		4.29		15.16		2.29		34.71	25.5
1974	4.29		4.74		20.34		2.04		41.44	34.1
1973	2.73		4.01		10.93		1.78		19.46	18.1

[1]See Appendix C for a discussion of the MFI Profit Model.
[2]The measures shown under columns 1-5 are computed individually. Therefore, the values in column 3 are the result of dividing Net Profit Before Tax by Total Assets and are not the result of multiplying column 1's values by column 2's values; the values in column 5 are the result of dividing Net Profit Before Tax by Net Worth and are not the result of multiplying column 3's values by column 4's values.
[3]Return on Capital Employed was defined in 1977 and prior years as "net profit before taxes plus interest on borrowed funds minus income from outside investments" divided by "net worth, or owner's equity, plus long term debt minus outside investments." In 1978 and later years, Bank Loans Due in Less Than One Year was added to the denominator of the ratio (the capital invested) to recognize that some, if not most, of the total interest paid by the typical paper distributor resulted from bank loans. See Appendix D for a complete definition of the measures.

PROFITABILITY PERFORMANCE

The profit model in Exhibit 15 tracks the performance of the distribution firm (and industry) in view of its production of profit or increase in resources. See Appendix C for a discussion of the profit model. The model is very comprehensive and studies a firm's profit performance in sales management, the management of assets as resources used to generate these sales, and on the management of assets as they are subject to creditor/owner claims.

The measure Return On Net Worth (RONW) combines sales, asset, and investment management. Exhibit 15 reports RONW under column 5 as "Net Profit Before Taxes As a Percentage of Net Worth." Dual paper merchants' RONW dropped slightly to 20.41%, the second lowest figure recorded since 19.46% in 1973. Return On Total Assets (ROTA), under column 3, was up slightly to 10.74%. This is also a historically low return. Return On Net Sales

EXHIBIT 16

PROFIT MARGIN PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages)

PROFITABILITY[1]	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
WAREHOUSE GROSS MARGIN -- % WHSE SALES (%)	23.5	24.5	22.3	22.4	23.4	23.6	22.6	22.7	22.8	
INDIRECT GROSS MARGIN -- % INDIRECT SALES (%)	--	--	--	17.4	18.3	17.9	17.5	18.3	18.0	
WHSE & IND GROSS MARGIN -- % WHSE & IND SALES (%)	--	--	--	22.6	22.9	23.1	22.3	22.3	22.3	
DIRECT GROSS MARGIN -- % DIRECT SALES (%)	8.8	9.0	7.9	8.6	9.1	8.5	8.3	9.2	8.7	
OPERATING EXPENSE CONTROL										
OPERATING EXPENSE -- % OF GROSS MARGIN (%)	83.4	81.0	84.5	83.2	82.1	81.4	83.1	87.8	87.4	
NON-PEOPLE EXPENSE -- % OF GROSS MARGIN (%)	--	--	--	--	--	24.1	26.7	28.5	27.4	
TOTAL EMPLOYEE COMPENSATION -- % GROSS MARGIN (%)	58.1	57.4	59.1	60.8	57.6	57.4	56.7	60.4	60.5	
PERSONNEL PRODUCTIVITY										
NET SALES PER EMPLOYEE ($000)	130	156	191	211	233	242.5	255.6	258.9	287.2	
GROSS MARGIN PER EMPLOYEE ($000)	--	--	31.5	35.2	40.7	44.1	46.7	47.0	50.0	
SALES SVC & SELL EXPENSE -- % GROSS MARGIN (%)	33.7	33.7	34.7	34.1	33.3	35.2	36.1	36.7	36.5	

[1]This survey studied only warehouse and direct sales until indirect sales were separated and excluded from warehouse sales starting with data for 1978. Thus, the published values for 1977 and earlier years are not directly comparable with values for 1978 and later years. However, values for 1978 and later years are mutually comparable.

(RONS), column 1, was up to 2.50%. Return On Capital Employed, column 6, fell to 18.20%, second lowest only to the 18.10% level registered back in 1973.

Dual merchants, therefore, improved their before tax profit situation but had another sluggish year in regard to return on assets, net worth and capital.

PROFIT MARGIN MANAGEMENT

Exhibit 16 presents ten key measures of profit margin management for dual merchants, in the areas of: sales profitability performance, operating expense control, and personnel productivity performance.

Prior to 1978, merchant sales were studied in terms of two sales paths, (i.e. warehouse sales and direct sales). Beginning with the 1978 report, merchants separated indirect sales from warehouse sales so that sales are now studied in terms of four paths - warehouse and direct sales as before and also in terms of indirect and warehouse + indirect sales.

Warehouse gross margins held steady at 22.8% of warehouse sales during 1983, while indirect and direct margins slipped to 18.0% and 8.7%, respectively. All three were in line with historical performance.

Total operating expenses remained above 87% of gross margin in 1983, still higher than prior years. Non-people expenses and total employee compensation also remain relatively high.

After marginal gains in 1982, net sales per employee rose 10.9% to $258,900 and gross margin per employee advanced 6.4% to $50,000. Sales service and selling expenses relative to gross margin stood at 36.5%, slightly less than last year but still high in comparison to previous years.

ASSET MANAGEMENT PERFORMANCE

Exhibit 17 presents four key asset management performance measures in three asset management areas.

The most comprehensive measure, Net Sales To Total Assets (or Total Assets Turnover), fell significantly to 4.30 times in 1983. This was the lowest figure since 1975.

Inventory turnover stayed virtually the same at 5.76 turns yearly, a high rate in comparison to the past decade. GMROI (Gross Margin Return On Inventory) also improved slightly, to 170%. This is the third highest GMROI since 1973.

The average collection period for dual merchants rose to 40.1 days in 1983, highest since 1979. This reversed a three-year improvement trend in receivables management.

FINANCIAL MANAGEMENT

Exhibit 18 lists four measures of dual paper merchants' financial management. Total debt to net worth for dual merchants is dramatically lower than for industrial and printing paper houses. The rate for 1983 was 48.7%, lowest in six years. Current debt to net worth stood at 46.4%, inching up very slightly from 1982 levels. Dual merchants' ability to meet current debts, as measured by the "Quick Ratio" (current assets minus inventory, to current debt) dropped to 1.63 times. Days payable were reduced to 18.0, lowest in six years.

EXHIBIT 17

ASSET MANAGEMENT PERFORMANCE MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Composite Averages, Unless Otherwise Noted)

	1973	1975	1977	1978	1979	1980	1981	1982	1983	YOUR FIRM
OVERALL ASSET MANAGEMENT										
NET SLS TO TOTAL ASSETS (X)	4.01	4.29	4.53	4.57	4.32	4.66	4.69	4.70	4.30	
INVENTORY MANAGEMENT										
INVENTORY TURNOVER (X)[1]	5.09	4.70	5.83	5.72	5.48	5.02	5.34	5.75	5.76	
GROSS MARGIN RETURN ON INVENTORY ($)[2]	156	152	174	165	167	155	156	169	170	
ACCOUNTS RECEIVABLE MANAGEMENT										
AV. COLLECTION PERIOD (DAYS)[3] (Weighted Mean)	42	39	39.7	39.6	40.3	38.4	37.5	37.0	40.1	

[1]Inventory Turnover is calculated as Cost of Warehouse Goods Sold to Average Inventory (average of beginning and ending inventories for the year). However, remember that the definition of warehouse sales was narrowed to exclude indirect sales for 1978 and later years.
[2]Gross Margin Return On Inventory is defined as Gross Margin On Warehouse Sales divided by Average Inventory. Starting with the 1978 data, indirect sales were separated and excluded from warehouse sales. Thus, the above values for 1977 and earlier years are not directly comparable with the values for 1978 and later years. However, the values for 1978 and later years are mutually comparable.
[3]The calculation approach used for each measure is defined in Appendix D.

EXHIBIT 18

FINANCIAL MANAGEMENT MEASURES FOR DUAL PAPER MERCHANTS
(All Values Are Medians)

	1979	1980	1981	1982	1983
FINANCIAL LEVERAGE					
TOTAL DEBT TO NET WORTH ($)	102.9	101.2	69.0	49.2	48.7
CURRENT DEBT TO NET WORTH ($)	74.4	76.4	52.5	46.2	46.4
ABILITY TO PAY CURRENT DEBTS					
CURRENT ASSETS MINUS INVENTORY TO CURRENT DEBT (X)	1.37	1.51	1.61	1.78	1.63
DAYS PAYABLES OUTSTANDING ON DEC. 31 (DAYS)	21.5	19.8	18.1	18.4	18.0

LIST OF SUMMARY TABLES

1 MERCHANT COMMODITY GROUPS' PERFORMANCE MEASURES SUMMARIZING 1982 OPERATIONS

2A PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING ALL FIRMS AND PROFITABILITY GROUPS
2B PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS
2C PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING NPTA REGIONAL GROUPS

3A INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING ALL FIRMS AND PROFITABILITY GROUPS
3B INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS
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4A DUAL MERCHANTS' PERFORMANCE MEASURES SUMMARIZING ALL FIRMS AND PROFITABILITY GROUPS
4B DUAL MERCHANTS' PERFORMANCE MEASURES SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS
4C DUAL MERCHANTS' PERFORMANCE MEASURES SUMMARIZING NPTA REGIONAL GROUPS

5 CONDENSED OPERATING STATEMENTS FOR PRINTING, INDUSTRIAL AND DUAL PAPER MERCHANTS

6 COMPOSITE BALANCE SHEETS FOR PRINTING, INDUSTRIAL AND DUAL PAPER MERCHANTS

ABBREVIATIONS USED IN TABLES

ACCTS REC	= ACCOUNTS RECEIVABLE
EXP	= EXPENSE
GM	= GROSS MARGIN, GROSS TRADING MARGIN
IND	= INDIRECT
INV	= INVENTORY
IP	= INDUSTRIAL PAPER
%	= PERCENT
PP	= PRINTING PAPER
NPBT	= NET PROFIT BEFORE TAXES
SLS	= SALES
WHSE	= WAREHOUSE

TABLE 1

MERCHANT COMMODITY GROUPS'* PERFORMANCE MEASURES** (COMPOSITE MEANS) SUMMARIZING 1983 OPERATIONS

PERFORMANCE MEASURE	ALL PRINTING PAPER MERCHANTS	ALL INDUSTRIAL PAPER MERCHANTS	ALL DUAL PAPER MERCHANTS
1. RETURN ON CAPITAL EMPLOYED (%)	17.27	13.97	18.20
2. NPBT AS % NET WORTH (%)	18.79	16.57	20.41
3. TOTAL ASSETS TO NET WORTH (X)	1.96	1.89	1.76
4. NPBT AS % TOTAL ASSETS (%)	9.40	8.64	10.74
5. NPBT AS % NET SALES (%)	2.30	2.19	2.50
6. NPBT AS % NET SALES (NON-LIFO ADJ; %) ...	2.36	2.22	2.50
7. NET SALES TO TOTAL ASSETS (X)	4.09	3.95	4.30
8. WHSE GM AS % WHSE SALES (%)	22.96	22.85	22.78
9. WHSE & IND GM AS % WHSE & IND SLS (%) ...	22.68	22.69	22.27
10. DIRECT GM AS % DIRECT SALES (%)	6.55	12.00	8.74
11. WHSE & IND SLS AS % TOTAL SLS (%)	48.76	76.10	64.49
12. % SLS CHANGE OVER PRIOR YEAR (%)	14.62	8.29	6.45
13. NET SALES PER EMPLOYEE ($000)	387.78	217.59	287.20
14. GM PER EMPLOYEE ($000)	55.99	44.51	49.96
15. PAYROLL AS % GM (%)	48.28	55.67	50.77
16. SLS SERVICE & SELLING EXP AS % GM (%) ...	37.46	38.29	36.53
17. OPERATING EXP AS % GM (%)	85.29	92.86	87.37
18. INV TURNOVER (WHSE ONLY; X)	4.80	6.26	5.76
19. GM RETURN ON INV (WHSE ONLY; %)	143.00	184.40	169.91
20. DAYS SLS IN ACCTS REC ON NOV 30 (DAYS) ..	43.84	39.58	41.57

*Appendix B sets forth the formation and measure of merchant commodity groups.

**Appendix D defines the performance measures.

TABLE 2A

PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS†) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL PRINTING PAPER MERCHANTS	RETURN ON TOTAL ASSET GROUPS FOR ALL PRINTING PAPER MERCHANTS** LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		17.27	7.63	15.79	24.29
2. NPBT AS % NET WORTH (%)		18.79	-3.09	17.39	28.61
3. TOTAL ASSETS TO NET WORTH (X)		1.96	5.31	1.94	1.48
4. NPBT AS % TOTAL ASSETS (%)		9.40	-0.57	9.04	15.90
5. NPBT AS % NET SALES (%)		2.30	-0.13	2.16	4.14
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		2.36	-0.13	2.25	4.21
7. NET SALES TO TOTAL ASSETS (X)		4.09	4.28	4.19	3.84
8. WHSE GM AS % WHSE SALES (%)		22.96	20.11	23.27	23.83
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.68	20.18	22.94	23.52
10. DIRECT GM AS % DIRECT SALES (%)		6.55	6.73	6.21	7.01
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		48.76	38.66	47.87	56.58
12. % SALES CHANGE OVER PRIOR YEAR (%)		14.62	13.74	15.16	14.05
13. NET SALES PER EMPLOYEE ($000)		387.78	367.92	423.42	351.92
14. GM PER EMPLOYEE ($000)		55.99	45.53	60.26	56.53
15. PAYROLL AS % GM (%)		48.28	52.93	47.74	46.90
16. SALES SERVICE & SELLING EXP AS % GM (%)		37.46	39.98	37.65	35.92
17. TOTAL OPERATING EXP AS % GM (%)		85.29	96.78	85.92	78.83
18. INV TURNOVER (WHSE ONLY; X)		4.80	5.74	4.65	4.64
19. GM RETURN ON INV (WHSE ONLY; %)		143.00	144.55	141.10	145.18
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		43.84	45.76	44.29	41.41

*Appendix D defines the performance measures.

†These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 2B

PRINTING PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS+) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS				WAREHOUSE, INDIRECT & DIRECT SALES EMPHASIS GROUPS			
		UNDER $8MM	$8 TO $15MM	$15 TO $50MM	$50MM & OVER	OVER 65% DIRECT	35-55% WHSE & INDIRECT	55-75% WHSE & INDIRECT	75+% WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		14.47	10.54	19.47	17.48	17.11	17.24	16.41	18.69
2. NPBT AS % NET WORTH (%)		19.20	9.99	20.33	19.26	20.55	17.75	18.67	20.12
3. TOTAL ASSETS TO NET WORTH (X)		2.14	1.78	1.78	2.03	3.57	1.83	1.80	1.51
4. NPBT AS % TOTAL ASSETS (%)		5.68	6.27	10.64	9.47	5.69	9.31	10.36	13.11
5. NPBT AS % NET SALES (%)		1.61	1.62	2.57	2.31	1.15	2.16	2.96	4.08
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		1.64	1.76	2.64	2.36	1.20	2.20	3.10	4.19
7. NET SALES TO TOTAL ASSETS (X)		3.53	4.00	4.15	4.10	4.95	4.28	3.51	3.22
8. WHSE GM AS % WHSE SALES (%)		23.00	24.69	23.98	22.29	20.14	23.49	23.16	23.26
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.75	23.16	23.28	22.34	20.46	23.13	22.51	23.14
10. DIRECT GM AS % DIRECT SALES (%)		9.64	7.55	6.71	6.36	6.72	6.09	7.14	9.23
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		72.88	60.80	52.69	45.12	21.97	45.41	65.86	86.90
12. % SALES CHANGE OVER PRIOR YEAR (%)		6.69	7.09	13.51	16.41	20.17	13.31	13.25	9.50
13. NET SALES PER EMPLOYEE ($000)		255.19	300.82	390.31	410.23	554.52	445.85	322.89	207.41
14. GM PER EMPLOYEE ($000)		49.79	51.26	60.27	55.53	54.75	61.65	55.73	44.61
15. PAYROLL AS % GM (%)		47.58	48.12	47.13	48.94	51.14	47.74	46.01	50.41
16. SALES SERVICE & SELLING EXP AS % GM (%)		32.04	36.96	35.97	38.37	43.34	36.90	34.25	36.87
17. TOTAL OPERATING EXP AS % GM (%)		86.61	89.57	85.19	84.54	87.25	86.44	84.03	82.13
18. INV TURNOVER (WHSE ONLY; X)		4.89	4.16	5.34	4.69	5.75	4.57	4.80	4.76
19. GM RETURN ON INV (WHSE ONLY; %)		146.19	136.40	168.51	134.39	145.00	140.42	144.55	144.35
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		44.05	42.86	42.42	44.44	46.47	42.75	45.50	39.29

*Appendix D defines the performance measures.
+These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.
**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

Table 2C
PRINTING PAPER MERCHANTS'
PERFORMANCE MEASURES* (COMPOSITE MEANS**)
SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL PRINTING PAPER MERCHANTS						
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1. RETURN ON CAPITAL EMPLOYED (%)		N.C.+	16.83	20.30	20.12	21.88	17.16	N.C.+
2. NPBT AS % NET WORTH (%)		N.C.+	18.57	23.02	22.50	29.89	17.17	N.C.+
3. TOTAL ASSETS TO NET WORTH (X)		N.C.+	2.12	1.65	1.92	2.24	1.79	N.C.+
4. NPBT AS % TOTAL ASSETS (%)		N.C.+	8.32	12.96	10.35	13.29	9.92	N.C.+
5. NPBT AS % NET SALES (%)		N.C.+	1.86	3.73	2.26	3.53	2.63	N.C.+
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		N.C.+	1.88	3.86	2.38	3.53	2.74	N.C.+
7. NET SALES TO TOTAL ASSETS (X)		N.C.+	4.47	3.47	4.58	3.77	3.78	N.C.+
8. WHSE GM AS % WHSE SALES (%)		N.C.+	23.90	23.11	24.43	25.70	22.76	N.C.+
9. WHSE & IND GM AS % WHSE & IND SLS (%)		N.C.+	23.68	22.46	23.30	25.05	22.22	N.C.+
10. DIRECT GM AS % DIRECT SALES (%)		N.C.+	6.26	7.68	6.84	6.98	5.86	N.C.+
11. WHSE & INDIRECT SALES AS % TOTAL SALES (%)		N.C.+	35.64	70.55	47.49	50.21	57.42	N.C.+
12. % SALES CHANGE OVER PRIOR YEAR (%)		N.C.+	11.47	11.40	17.55	13.09	12.79	N.C.+
13. NET SALES PER EMPLOYEE ($000)		N.C.+	461.54	269.38	413.03	413.44	410.67	N.C.+
14. GM PER EMPLOYEE ($000)		N.C.+	59.93	45.80	60.52	66.34	62.79	N.C.+
15. PAYROLL AS % GM (%)		N.C.+	47.81	45.84	48.32	45.38	43.99	N.C.+
16. SALES SERVICE & SELLING EXP AS % GM (%)		N.C.+	41.67	33.52	38.60	37.54	31.19	N.C.+
17. TOTAL OPERATING EXP AS % GM (%)		N.C.+	88.36	83.34	85.69	79.05	84.34	N.C.+
18. INV TURNOVER (WHSE ONLY; X)		N.C.+	5.96	4.56	4.48	4.17	4.62	N.C.+
19. GM RETURN ON INV (WHSE ONLY; %)		N.C.+	187.12	136.85	144.84	144.22	136.11	N.C.+
20. DAY SALES IN ACCTS REC ON NOV 30 (DAYS)		N.C.+	43.19	41.06	41.74	51.25	42.66	N.C.+

*Appendix D defines the performance measures.
**These composite mean values are mutually comparable, however comparisons with previous years' median values should be made with caution.
+Not calculated if less than four firms reported data.

TABLE 3A

INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL INDUSTRIAL PAPER MERCHANTS (WEIGHTED MEAN)	RETURN ON TOTAL ASSET GROUPS FOR ALL INDUSTRIAL PAPER MERCHANTS** LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		13.97	3.07	12.47	32.25
2. NPBT AS % NET WORTH (%)		16.57	2.42	16.21	35.95
3. TOTAL ASSETS TO NET WORTH (X)		1.89	1.90	1.96	1.74
4. NPBT AS % TOTAL ASSETS (%)		8.64	1.12	8.28	20.67
5. NPBT AS % NET SALES (%)		2.19	0.31	2.09	4.70
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		2.22	0.31	2.11	4.83
7. NET SALES TO TOTAL ASSETS (X)		3.95	3.64	3.96	4.40
8. WHSE GM AS % WHSE SLS (%)		22.85	19.62	24.59	24.17
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.69	20.43	23.33	23.71
10. DIRECT GM AS % DIRECT % SLS (%)		12.00	10.09	12.88	14.02
11. WHSE & IND SLS AS % TOTAL SLS (%)		76.10	67.46	78.87	81.10
12. % SLS CHANGE OVER PRIOR YEAR (%)		8.29	4.95	8.51	12.04
13. NET SALES PER EMPLOYEE ($000)		217.59	248.93	197.44	219.45
14. GM PER EMPLOYEE ($000)		44.51	43.24	42.73	50.26
15. TOTAL PAYROLL AS % GM (%)		55.67	57.47	56.64	52.85
16. SLS SERVICE & SELLING EXP AS % GM (%)		38.29	41.05	36.67	38.14
17. TOTAL OPERATING EXP AS % GM (%)		92.86	104.60	92.32	82.60
18. INV TURNOVER (WHSE ONLY; X)		6.26	4.86	7.06	8.11
19. GM RETURN ON INV (WHSE ONLY, %)		184.40	118.69	229.87	258.47
20. DAY SLS IN ACCTS REC ON NOV 30 (DAYS)		39.58	43.03	39.35	35.82

*Appendix D defines the performance measures.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 3B

INDUSTRIAL PAPER MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS					WAREHOUSE-INDIRECT SALES EMPHASIS GROUPS		
		UNDER $3.0MM	$3.0 TO $6.0MM	$6.0 TO $12MM	$12MM TO $25MM	OVER $25MM	UNDER 75% WHSE & INDIRECT	75% TO 90% WHSE & INDIRECT	90% & OVER WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		21.01	9.41	14.11	18.12	12.49	9.74	18.23	18.37
2. NPBT AS % NET WORTH (%)		24.83	12.33	15.79	20.44	15.43	10.73	21.39	20.76
3. TOTAL ASSETS TO NET WORTH (X)		2.04	2.32	1.94	1.87	1.86	1.88	2.00	1.69
4. NPBT AS % TOTAL ASSETS (%)		12.14	4.04	7.86	10.91	8.31	5.71	10.70	11.52
5. NPBT AS % NET SALES (%)		3.47	1.27	2.03	2.54	2.11	1.44	2.68	3.04
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		3.52	1.31	2.23	2.56	2.13	1.45	2.72	3.03
7. NET SALES TO TOTAL ASSETS (X)		3.50	3.19	3.87	4.29	3.94	3.98	3.99	3.79
8. WHSE GM AS % WHSE SLS (%)		25.42	27.18	23.06	23.44	22.01	21.27	24.99	22.05
9. WHSE & IND GM AS % WHSE & IND SLS (%)		24.67	26.87	23.32	23.76	21.77	22.44	22.84	22.87
10. DIRECT GM AS % DIRECT SLS (%)		19.85	12.27	15.49	14.45	10.65	11.45	13.27	12.87
11. WHSE & IND SLS AS % TOTAL SLS (%)		91.52	84.19	71.28	81.59	73.79	63.59	83.15	94.75
12. % SLS CHANGE OVER PRIOR YEAR (%)		8.68	5.37	6.00	15.85	6.35	5.10	10.85	14.24
13. NET SALES PER EMPLOYEE ($000)		157.34	173.78	196.66	201.07	241.75	258.24	181.95	198.87
14. GM PER EMPLOYEE ($000)		38.17	41.45	43.05	44.12	45.91	47.45	41.50	44.14
15. TOTAL PAYROLL AS % GM (%)		50.20	58.76	54.45	55.93	55.88	57.11	54.45	54.72
16. SLS SERVICE & SELLING EXP AS % GM (%)		31.31	39.10	39.63	38.05	38.36	40.52	38.23	31.88
17. TOTAL OPERATING EXP AS % GM (%)		87.28	95.47	92.10	90.24	94.10	98.06	89.24	87.90
18. INV TURNOVER (WHSE ONLY; X)		--	6.38	6.53	8.32	5.54	5.11	6.94	8.52
19. GM RETURN ON INV (WHSE ONLY, %)		--	238.32	195.86	252.27	156.42	138.14	231.07	231.50
20. DAY SLS IN ACCTS REC ON NOV. 30 (DAYS)		36.81	37.45	42.75	36.06	40.61	41.47	37.67	34.85

*Appendix D defines the performance measures.

**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

TABLE 3C
INDUSTRIAL PAPER MERCHANTS'
PERFORMANCE MEASURES* (COMPOSITE MEANS)
SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

	PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL INDUSTRIAL PAPER MERCHANTS REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1.	RETURN ON CAPITAL EMPLOYED (%)		18.01	16.09	18.62	19.49	26.64	8.35	N.C.+
2.	NPBT AS % NET WORTH (%)		21.71	19.38	20.23	23.88	23.00	7.96	10.64
3.	TOTAL ASSETS TO NET WORTH (X)		2.43	2.01	1.56	1.89	1.64	1.96	1.65
4.	NPBT AS % TOTAL ASSETS (%)		8.96	9.19	13.00	12.64	14.01	4.02	6.45
5.	NPBT AS % NET SALES (%)		2.16	2.29	2.99	3.22	2.92	1.01	1.77
6.	NPBT AS % NET SALES (NON-LIFO ADJ;%)		2.04	2.32	3.15	3.32	2.68	1.02	1.76
7.	NET SALES TO TOTAL ASSETS (X)		4.15	4.01	4.35	3.92	4.79	3.98	3.65
8.	WHSE GM AS % WHSE SLS (%)		N.C.+	22.18	24.65	22.38	N.C.+	21.49	N.C.+
9.	WHSE & IND GM AS % WHSE & IND SLS (%)		N.C.+	22.17	24.37	21.81	23.06	21.86	N.C.+
10.	DIRECT GM AS % DIRECT SLS (%)		N.C.+	11.57	12.13	13.42	10.69	11.34	N.C.+
11.	WHSE & IND SLS AS % TOTAL SLS (%)		N.C.+	79.38	83.73	78.84	88.11	64.99	N.C.+
12.	% SLS CHANGE OVER PRIOR YEAR (%)		3.85	11.45	16.60	10.11	12.52	6.75	-0.68
13.	NET SALES PER EMPLOYEE ($000)		N.C.+	205.35	172.71	237.70	254.47	261.03	N.C.+
14.	GM PER EMPLOYEE ($000)		N.C.+	44.00	38.82	48.99	53.25	47.69	N.C.+
15.	TOTAL PAYROLL AS % GM (%)		50.64	54.05	57.04	54.98	55.11	56.81	60.44
16.	SLS SERVICE & SELLING EXP AS % GM (%)		37.66	35.74	40.29	39.22	32.48	41.88	N.C.+
17.	TOTAL OPERATING EXP AS % GM (%)		89.66	89.54	89.64	87.06	89.86	100.75	100.06
18.	INV TURNOVER (WHSE ONLY; X)		N.C.+	7.80	7.00	7.42	N.C.+	4.98	N.C.+
19.	GM RETURN ON INV (WHSE ONLY; %)		N.C.+	221.59	229.49	213.97	N.C.+	136.25	N.C.+
20.	DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		41.88	38.35	36.58	34.59	25.06	45.22	43.12

*Appendix D defines the performance measures.
+Not calculated if less than four data provided.

TABLE 4A

DUAL MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS) SUMMARIZING ALL FIRMS AND PROFITABILITY (ROTA**) GROUPS

PERFORMANCE MEASURE	YOUR FIRM	ALL DUAL PAPER MERCHANTS	RETURN ON TOTAL ASSET GROUPS FOR ALL DUAL PAPER MERCHANTS** LOW PROFIT GROUP	MIDDLE PROFIT GROUP	HIGH PROFIT GROUP
1. RETURN ON CAPITAL EMPLOYED (%)		18.20	2.40	16.22	32.06
2. NPBT AS % NET WORTH (%)		20.41	2.02	18.35	33.24
3. TOTAL ASSETS TO NET WORTH (X)		1.76	1.67	1.86	1.46
4. NPBT AS % TOTAL ASSETS (%)		10.74	3.06	9.88	22.24
5. NPBT AS % NET SALES (%)		2.50	0.74	2.41	4.31
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		2.50	0.72	2.42	4.31
7. NET SALES TO TOTAL ASSETS (X)		4.30	4.12	4.10	5.16
8. WHSE GM AS % WHSE SALES (%)		22.78	20.81	23.07	24.17
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.27	20.78	22.40	23.71
10. DIRECT GM AS % DIRECT SLS (%)		8.74	8.95	8.51	9.06
11. WHSE & IND SLS AS % TOTAL SLS (%)		64.49	78.89	61.54	60.39
12. % SLS CHANGE OVER PRIOR YEAR (%)		6.45	3.32	9.91	1.45
13. NET SALES PER EMPLOYEE ($000)		287.20	242.96	300.20	306.80
14. GM PER EMPLOYEE ($000)		49.96	44.53	50.74	54.94
15. TOTAL PAYROLL AS % GM (%)		50.77	54.11	50.91	47.55
16. SLS SERVICE & SELLING EXP AS % GM (%)		36.53	35.07	36.84	36.58
17. TOTAL OPERATING EXP AS % GM (%)		87.37	97.92	86.95	78.86
18. INV TURNOVER (WHSE ONLY; X)		5.76	5.73	6.06	5.17
19. GM RETURN ON INV (WHSE ONLY; %)		169.91	150.40	181.64	164.83
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		41.57	40.27	43.08	38.71

*Appendix D defines the performance measures.

**Appendix B sets forth the formation and measure of profitability groups, namely, of Return on Total Assets (ROTA) groups.

TABLE 4B

DUAL MERCHANTS' PERFORMANCE MEASURES* (COMPOSITE MEANS) SUMMARIZING SALES VOLUME AND EMPHASIS GROUPS**

PERFORMANCE MEASURE	YOUR FIRM	SALES VOLUME GROUPS					WAREHOUSE-INDIRECT SALES EMPHASIS GROUPS		
		UNDER $4MM	$4 TO $10MM	$10MM TO $25MM	$25MM TO $65MM	$65MM & OVER	UNDER 65% WHSE & INDIRECT	65% TO 85% WHSE & INDIRECT	85% & Over WHSE & INDIRECT
1. RETURN ON CAPITAL EMPLOYED (%)		9.93	13.46	20.72	17.93	18.33	20.22	15.85	20.27
2. NPBT AS % NET WORTH (%)		8.90	13.84	22.31	18.50	22.38	22.63	18.05	21.53
3. TOTAL ASSETS TO NET WORTH (X)		1.46	1.30	1.67	1.62	1.95	1.91	1.71	1.44
4. NPBT AS % TOTAL ASSETS (%)		4.57	9.00	12.81	12.38	9.73	12.54	8.62	14.31
5. NPBT AS % NET SALES (%)		1.07	2.02	2.84	2.75	2.34	2.53	2.30	3.35
6. NPBT AS % NET SALES (NON-LIFO ADJ;%)		1.20	2.11	2.82	2.79	2.30	2.51	2.30	3.42
7. NET SALES TO TOTAL ASSETS (X)		4.27	4.37	4.75	4.37	4.16	4.97	3.74	4.27
8. WHSE GM AS % WHSE SLS (%)		22.12	21.23	23.76	22.98	22.47	21.82	22.81	25.62
9. WHSE & IND GM AS % WHSE & IND SLS (%)		22.70	20.86	23.30	22.70	21.81	21.45	22.28	25.05
10. DIRECT GM AS % DIRECT SLS (%)		13.25	8.55	9.34	8.75	8.53	8.14	9.75	14.16
11. WHSE & IND SLS AS % TOTAL SLS (%)		82.06	72.05	66.79	63.51	63.28	50.22	76.20	89.51
12. % SLS CHANGE OVER PRIOR YEAR (%)		-0.50	3.24	3.76	2.13	10.61	8.84	3.86	6.26
13. NET SALES PER EMPLOYEE ($000)		189.54	254.08	253.41	309.80	293.95	377.49	239.15	188.07
14. GM PER EMPLOYEE ($000)		40.51	45.65	47.14	53.71	49.66	55.95	46.40	45.02
15. TOTAL PAYROLL AS % GM (%)		50.14	49.07	51.87	48.83	51.86	49.29	51.06	54.96
16. SLS SERVICE & SELLING EXP AS % GM (%)		34.47	34.82	37.08	37.10	36.24	37.48	35.33	38.15
17. TOTAL OPERATING EXP AS % GM (%)		95.44	90.13	85.88	85.89	88.18	83.70	90.20	89.10
18. INV TURNOVER (WHSE ONLY; X)		4.92	5.62	5.59	5.57	5.97	6.28	5.42	5.75
19. GM RETURN ON INV (WHSE ONLY; %)		139.68	151.38	175.45	166.14	173.09	175.13	160.31	197.99
20. DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		37.43	41.31	38.36	39.60	43.48	43.80	40.35	35.37

*Appendix D defines the performance measures.

**Appendix B sets forth the formation and measure of sales volume and emphasis groups.

TABLE 4C

DUAL PAPER MERCHANTS'

PERFORMANCE MEASURES* (COMPOSITE MEANS)

SUMMARIZING NPTA REGIONAL GROUPS

NPTA Regions

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA
Region 3: AL, FL, GA, NC, SC, TN, & VA
Region 4: IL, IN, KY, MI, MO, OH, WV, & WI
Region 5: CO, IA, KS, MN, MT, NE, ND, SD & WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
Region 7: AR, LA, MS, OK & TX

	PERFORMANCE MEASURE	YOUR FIRM	REGIONAL GROUPS FOR ALL DUAL PAPER MERCHANTS						
			REGION 1	REGION 2	REGION 3	REGION 4	REGION 5	REGION 6	REGION 7
1.	RETURN ON CAPITAL EMPLOYED (%)		N.C.+	N.C.+	15.52	23.69	18.90	12.41	16.94
2.	NPBT AS % NET WORTH (%)		N.C.+	N.C.+	16.58	25.78	19.50	10.28	19.44
3.	TOTAL ASSETS TO NET WORTH (X)		N.C.+	N.C.+	1.49	1.61	1.64	1.33	1.66
4.	NPBT AS % TOTAL ASSETS (%)		N.C.+	N.C.+	10.78	15.52	12.65	5.52	11.91
5.	NPBT AS % NET SALES (%)		N.C.+	1.80	2.25	2.94	2.87	1.34	3.42
6.	NPBT AS % NET SALES (NON-LIFO ADJ;%)		N.C.+	1.73	2.24	2.96	2.89	1.28	3.44
7.	NET SALES TO TOTAL ASSETS (X)		N.C.+	N.C.+	4.79	5.23	4.34	4.13	3.49
8.	WHSE GM AS % WHSE SLS (%)		N.C.+	N.C.+	23.52	21.18	25.08	20.90	25.26
9.	WHSE & IND GM AS % WHSE & IND SLS (%)		N.C.+	22.15	23.30	20.95	23.51	20.65	24.59
10.	DIRECT GM AS % DIRECT SLS (%)		N.C.+	N.C.+	11.35	8.55	10.22	8.03	9.30
11.	WHSE & IND SLS AS % TOTAL SLS (%)		N.C.+	47.20	71.34	50.42	75.68	74.86	75.07
12.	% SLS CHANGE OVER PRIOR YEAR (%)		N.C.+	10.92	0.84	9.53	7.63	4.58	2.30
13.	NET SALES PER EMPLOYEE ($000)		N.C.+	373.35	245.70	362.85	258.82	275.99	207.16
14.	GM PER EMPLOYEE ($000)		N.C.+	53.90	47.94	54.30	52.57	48.23	43.04
15.	TOTAL PAYROLL AS % GM (%)		N.C.+	51.02	55.91	48.97	50.29	52.01	48.49
16.	SLS SERVICE & SELLING EXP AS % GM (%)		N.C.+	38.92	41.81	36.82	37.43	33.60	33.59
17.	TOTAL OPERATING EXP AS % GM (%)		N.C.+	88.15	91.00	82.66	87.50	93.46	86.43
18.	INV TURNOVER (WHSE ONLY; X)		N.C.+	N.C.+	5.41	5.93	5.56	5.44	4.55
19.	GM RETURN ON INV (WHSE ONLY; %)		N.C.+	N.C.+	168.23	159.48	186.31	143.65	153.96
20.	DAYS SLS IN ACCTS REC ON NOV. 30 (DAYS)		N.C.+	N.C.+	44.43	41.13	37.70	39.54	38.32

*Appendix D defines the performance measures.

+Not calculated if less than four data provided.

TABLE 5

CONDENSED OPERATING STATEMENTS FOR PRINTING, INDUSTRIAL & DUAL PAPER MERCHANTS
(WEIGHTED MEANS & MEDIANS -- % OF NET SALES*)

OPERATING STATEMENT	ALL PRINTING PAPER MERCHANTS		ALL INDUSTRIAL PAPER MERCHANTS		ALL DUAL PAPER MERCHANTS	
	WEIGHTED MEAN	MEDIAN	WEIGHTED MEAN	MEDIAN	WEIGHTED MEAN	MEDIAN
TOTAL SALES (%)	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL COST OF GOODS SOLD (%)	85.66	83.90	79.63	77.58	82.51	81.91
GROSS TRADING MARGIN (%)	14.34	16.10	20.38	22.43	17.49	18.09
TOTAL OPERATING EXPENSES (%)	12.23	13.99	18.92	20.34	15.27	16.15
NET OPERATING PROFIT (%)	2.11	2.19	1.46	1.90	2.20	2.38
FINANCIAL GAINS						
CASH DISCOUNTS EARNED (%)	1.47	1.46	1.09	1.11	1.29	1.26
INCOME FROM OUTSIDE INVESTMENTS (%)	0.04	0.00	0.19	0.00	0.07	0.00
ALL OTHER GAINS (%)	0.30	0.18	0.51	0.17	0.20	0.07
TOTAL FINANCIAL GAINS (%)	1.78	1.61	1.58	1.29	1.56	1.39
FINANCIAL LOSSES						
CASH DISCOUNTS ALLOWED (%)	1.13	1.15	0.52	0.43	0.96	0.99
INTEREST ON BORROWED CAPITAL (%)	0.58	0.36	0.49	0.43	0.36	0.32
ALL OTHER LOSSES (%)	0.11	0.00	0.12	0.00	0.09	0.00
TOTAL FINANCIAL LOSSES (%)	1.60	1.61	0.84	0.77	1.27	1.17
NET FINANCIAL GAIN OR LOSS (%)	0.18	0.03	0.74	0.61	0.29	0.15
NET PROFIT BEFORE TAXES (%)	2.30	2.14	2.19	2.27	2.50	2.35
CORPORATE INCOME TAXES (%)	0.93	0.72	1.17	0.83	1.32	1.08
NET PROFIT AFTER TAXES (%)	1.08	1.07	1.51	1.47	1.41	1.20

*The percentages may not add to exactly 100% because some firms did not report some items.

TABLE 6

COMPOSITE BALANCE SHEETS FOR PRINTING, INDUSTRIAL & DUAL PAPER MERCHANTS
(WEIGHTED MEANS AS % OF TOTAL ASSETS*)

BALANCE SHEET	ALL PRINTING PAPER MERCHANTS	ALL INDUSTRIAL PAPER MERCHANTS	ALL DUAL PAPER MERCHANTS
ASSETS			
CASH & MARKETABLE SECURITIES (%)	0.19	4.57	-2.78
ACCOUNTS & NOTES RECEIVABLE, TRADE (%)	58.13	46.08	54.79
INVENTORY (%)	29.59	32.79	36.05
OTHER CURRENT ASSETS (%)	2.18	1.92	2.44
TOTAL CURRENT ASSETS (%)	89.84	85.34	90.46
NET FIXED ASSETS (%)	7.69	10.75	8.24
OUTSIDE INVESTMENTS (%)	1.56	0.80	0.36
OTHER NON-CURRENT ASSETS (%)	0.92	3.11	0.93
TOTAL ASSETS (%)	100.00	100.00	100.00
LIABILITIES AND NET WORTH			
ACCOUNTS PAYABLE (%)	30.06	26.85	23.98
BANK LOANS (LESS THAN ONE YEAR) (%)	6.64	2.81	3.46
OTHER CURRENT LIABILITIES (%)	5.75	10.26	6.43
TOTAL CURRENT LIABILITIES (%)	42.45	39.79	33.87
LONG TERM LIABILITIES (%)	7.83	7.87	17.29
CAPITAL & SURPLUS (EQUITY) (%)	49.47	52.34	56.93
TOTAL LIABILITIES & NET WORTH (%)	100.00	100.00	100.00

*The percentages may not add to exactly 100% because some firms did not report some items.

APPENDIX A

CHARACTERISTICS OF THE PARTICIPANTS
IN THE NPTA/MFI 1979-83 ANNUAL PERFORMANCE SURVEYS

NUMBER OF SURVEY FORMS IN THE DATA BASE

SURVEY YEAR	1979	1980	1981	1982	1983
PRINTING EMPHASIS	94	102	97	99	89
INDUSTRIAL EMPHASIS	103	81	75	75	72
DUAL EMPHASIS	77	63	71	71	65
TOTAL	274	246	243	245	226

MEDIAN SALES OF PARTICIPANTS ($000)

SURVEY YEAR	1979	1980	1981	1982	1983
PRINTING EMPHASIS	12,160	16,096	14,612	16,895	18,182
INDUSTRIAL EMPHASIS	4,617	6,440	6,727	7,488	9,730
DUAL EMPHASIS	13,852	14,428	12,539	12,532	15,048

TOTAL SALES OF PARTICIPANTS ($000)

SURVEY YEAR	1979	1980	1981	1982	1983
PRINTING EMPHASIS	2,002,022	2,666,498	2,476,786	3,110,473	3,512,794
INDUSTRIAL EMPHASIS	727,101	732,080	755,234	1,147,055	1,322,117
DUAL EMPHASIS	3,197,200	2,652,981	2,499,820	1,943,188	2,043,805
TOTAL	5,926,323	6,051,559	5,731,840	6,200,716	6,878,716

PERCENTAGE OF TOTAL SALES REPRESENTED BY EACH GROUP

SURVEY YEAR	1979	1980	1981	1982	1983
PRINTING EMPHASIS	33.78%	44.06%	43.21%	50.16%	51.06%
INDUSTRIAL EMPHASIS	12.27%	12.10%	13.18%	18.50%	19.22%
DUAL EMPHASIS	53.95%	43.84%	43.61%	31.34%	29.71%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

APPENDIX B

SURVEY METHODOLOGY

For 1976 and prior years, the NPTA Survey results published in Paper Merchant Performance were developed from data submitted by the member firms to Price Waterhouse & Company. Price Waterhouse accumulated this financial information and submitted "summary totals" and "certain averages" to NPTA. The summary data were grouped and developed by NPTA. (See page 68 of the 1977 edition of Paper Merchant Performance for details.)

For 1977-1983, all data were submitted to Management Foresight, Inc. (MFI) of Columbus, Ohio; MFI calculated all results.

When there is a change from one survey approach to another, there are potential continuity problems. Therefore, the remainder of the appendix will discuss the 1977-1983 methodology in some detail and, as appropriate, the methodology used in earlier years.

CALCULATION APPROACHES

In 1977-1983, medians, quartiles, and composite averages were used as statistical measures. Most of the results in the Exhibits which form the basis for most of the discussion in the main body of the report are composite averages. Most of the results in the supplementary tables of this report and of the individual PAR Reports are presented as medians.

COMPOSITE AVERAGES

A composite average is an excellent measure of how a group of firms is doing as a whole. It is calculated by first adding together all appropriate dollar values or other values such as number of people and then calculating the ratio or performance measure. For example, to calculate the composite average Net Profit Before Taxes to Net Sales for All Paper Merchant Firms in Exhibit 2, the Net Profit Before Taxes for all firms were added together, the Net Sales for all firms were added together, and the following calculation was made:

$$\frac{\text{NET PROFIT BEFORE TAXES}}{\text{NET SALES}} = \frac{\text{Total NET PROFIT BEFORE TAXES for All Firms in the Survey}}{\text{Total NET SALES for All Firms}}$$

As an example, the 1977 dollar values are shown below:

$$\frac{\text{Total NET PROFIT BEFORE TAXES for All Firms}}{\text{Total NET SALES for All Firms}} = \frac{\$\ 99,348,500}{3,763,119,920} = 2.64\%$$

If a firm did not supply all of the data needed for a particular calculation, then none of its data were used to develop the industry totals for that particular measure (if it supplied the needed data for other measures, then its data would be used to calculate those measures).

MEDIAN AND QUARTILE VALUES

Three values are generally reported for each performance measure in the PAR Reports. They are the upper quartile value -- the median figure -- and the lower quartile value. The results presented in Tables 1 through 6 of this report are generally medians.

For any given performance measure, these three figures are calculated by, first, arraying (or arranging) all the numerical values of the performance measure as calculated for each firm in numerical order from the strongest to the weakest. The figure that falls in the middle of the array, or the listing of values, is the median. One-half of the firms had stronger performance and one-half of the firms had weaker performance.

The word "Quartile" implies that something is broken down into quarter segments. The upper quartile value is the figure one-quarter of the way down from the very strongest number. Or, it is the figure halfway between the very strongest and the median value. The lower quartile figure would be the value one-quarter up from the very weakest ratio. It is the figure halfway between the median and the weakest value.

The presentation and use of median-quartile values minimizes the distortion caused by one firm reporting a very unusual value for a performance measure due to a mistake or because of some special circumstances. For example, a new firm that had sustained several years of losses might have a very small owners's equity--say $10. If the firm recovered and acheived a profit of, say $100,000, the calculated return on net worth would be $100,000/$10, or 1,000,000%. Thus, an average type of summary measure could be seriously distorted. The methodology of identifying the median is, on the other hand, not as sensitive to such unusual figures; it treats an unusually large quantity the same as it treats any other figure above the median. For most applications, this results in more meaningful comparative values.

In addition, the median value is more representative of how individual firms (or division) have performed. While a composite average is dominated by the results of the larger firms, large and small firms have the same influence on a median. Therefore, it is desirable to examine both the median and the composite average for important performance measures.

Because of the approach used, the firm whose performance was the median for one performance measure may be, and probably is, different than the firm which was the median for another measure. This occurs because all of the values are resorted and independent medians and quartiles are calculated for each performance measure. Thus, there is no single upper quartile firm -- or median firm -- or lower quartile firm in this report.

For 1977 and 1978, firms were asked to report for their operations in each of the six NPTA Regions. Thus, a firm with operations in only one region submitted one survey form. A firm with operations in two, or more, NPTA regions submitted either one form for all its operations, or individual forms for its regional operations. In 1979, firms were allowed to report on a branch basis if complete branch data could be provided. Since 1979, there have been seven NPTA Regions.

THE ORGANIZATION OF INFORMATION

This survey sets up three major groups of firms by commodity line:

GROUP I: PRINTING PAPER MERCHANTS takes together all firms obtaining 80%, or more, of their total sales from the sale of printing papers.

GROUP II: INDUSTRIAL PAPER MERCHANTS takes together all firms obtaining 80%, or more, of their total sales from the sale of industrial papers.

GROUP III: DUAL PAPER MERCHANTS takes together all firms obtaining less than 80% of their total sales from the sale of either printing or industrial papers.

Groups One, Two and Three were sorted into five subgroups.

GROUP I - PRINTING PAPER MERCHANTS

The Printing Paper Merchant firms were sorted into five types of subgroups:

1. One (1) All Reporting Printing Paper Emphasis Firms Group

2. Seven (7) NPTA Geographic Regions Groups

3. Four (4) Sales Volume Groups
   Under $8.0 Million in Sales
   $8.0 - 15 Million in Sales
   $15 - 50 Million in Sales
   Over $50 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups. The printing paper firms were sorted into three profitability groups based upon their return before taxes on total assets. In effect, each performance measure is shown as a median value for the top 25% of the printing paper firms in terms of profitability, for the middle 50% and for the bottom 25%. (ROTA sorting is discussed later in this appendix.)

5. Four (4) Warehouse-Indirect-Direct Sales Path Groupings. The printing paper firms were sorted into four sales paths because many performance measures differ significantly depending on warehouse-indirect-direct sales mixes. The following criteria produced subgroups of approximately the same size.

Over 65%	Direct Sales
35-55%	Warehouse and Indirect Sales
55-75%	Warehouse and Indirect Sales
75% or More	Warehouse and Indirect Sales

GROUP II - INDUSTRIAL PAPER MERCHANTS

The Industrial Paper Merchants were sorted into five types of subgroups:

1. One (1) All Reporting Industrial Paper Emphasis Firms Group

2. Seven (7) NPTA Geographic Regional Groups

3. Five (5) Sales Volume Groups
   - Under $3.0 Million in Sales
   - $3.0 - 6.0 Million in Sales
   - $6.0 - 12 Million in Sales
   - $12 - $25 Million in Sales
   - Over $25 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups. The industrial paper firms were similarly sorted into their own profitability groups based upon the return on assets of the top 25%, middle 50%, and lower 25% of the reporting industrial merchant firms.

5. Three (3) Warehouse-Indirect Sales Path Groupings. The industrial paper firms were sorted into three warehouse-indirect sales emphasis groupings.

Under 75%	Warehouse and Indirect Sales
75% to 90%	Warehouse and Indirect Sales
90% and Over	Warehouse and Indirect Sales

GROUP III- DUAL PAPER MERCHANTS

The Dual Paper Merchants were sorted into five subgroups:

1. One (1) All Dual Paper Merchant Firms

2. Seven (7) NPTA Geographic Regional Groups

3. Five (5) Sales Volume Groups
   - $Under $4 Million in Sales
   - $4.0 - 10 Million in Sales
   - $10 - 25 Million in Sales
   - $25 - 65 Million in Sales
   - Over $65 Million in Sales

4. Three (3) Return On Total Assets (ROTA) Groups.

5. Three (3) Warehouse-Indirect Sales Emphasis Groups

Under 65%	Warehouse and Indirect Sales
65 - 85%	Warehouse and Indirect Sales
Over 85%	Warehouse and Indirect Sales

RETURN ON TOTAL ASSET (ROTA) GROUPS

Return On Total Assets (ROTA) is an excellent measure of operational performance because it combines measures of profitability, i.e., Net Profit Margin, and asset management, viz., Total Asset Turnover:

Return On Total Assets = Net Profit Margin x Total Asset Turnover

$$\frac{\text{Net Profit Before Taxes}}{\text{Total Assets}} = \frac{\text{Net Profit Before Taxes}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Total Assets}}$$

Firms are separated into three ROTA subgroups, representing high, middle, and low returns on total assets values, and the various performance measures are computed for each ROTA group. The discussion below and Figure 1 to the right explain how these ROTA Group measures are developed.

Firstly, calculate ROTA for each firm. (Step 1.) Secondly, arrange the ROTA values for the firms in order from highest to lowest. (Step 2.) In the example in Figure 1, the highest ROTA acheived by any firm was 22.38%, while the lowest was -8.69%. The sorting process shown in Figure 1 assumes that there are 60 firms in the sample. Three ROTA groups are defined using the upper and lower quartile values as the cutoff points. (Step 3.)

	Number of Firms in Groups	Ranges of ROTA Values for Firms in Groups
High ROTA Groups	15	10.69% to 22.38%
Middle ROTA Groups	30	3.53% to 10.69%
Low ROTA Groups	15	-8.68% to 3.53%

These three groups of firms remain fixed for all following calculations.

After establishing the three ROTA groups, the median for <u>each</u> performance measure is calculated for <u>each</u> group. For example, the Gross Profit Margin (%) of each firm in each group is calculated. (Step 4.) Then the Gross Profit Margin (%) values are arranged in order from highest to lowest <u>within each group.</u> (Step 5.) The median value is selected in each of the three groups. (Step 6.) These three median values are reported as the representative performance of each of the three ROTA groups. The determination of the median of the high ROTA group is illustrated in the figure.

The procedure in Steps 4, 5, and 6 is repeated for each performance measure for each major product emphasis group. Thus, if there are 300 performance measures in the survey, the calculation, rank ordering and median selection process would be repeated 900 times for each group to produce the median values for the three ROTA groups.

The ROTA group data are usually valuable because they reflect the different operating policies and performance levels of the low, middle, and high profit firms in a major group. ROTA group data should not be the sole basis for major policy changes, but they usually identify areas that should be explored more carefully.

FIGURE 1: DEVELOPMENT OF ROTA GROUP DATA

STEP 1 Calculate ROTA for each firm:

$$\text{ROTA} = \frac{\text{Net Profit Before Taxes}}{\text{Total Assets}} = \frac{\$70,000}{\$1,000,000} = 7.00\%$$

STEP 2 Arrange the firms' ROTA values from highest to lowest as illustrated below to the right.

STEP 3 Separate the firms into 3 groups: a HIGH ROTA GROUP composed of those firms whose ROTAs were above the industry upper quartile ROTA value (10.69% in this case); a LOW ROTA GROUP composed of those firms whose ROTAs were below the industry lower quartile ROTA value (3.53%); and a MIDDLE ROTA GROUP composed of those firms whose ROTAs were between the two quartile values (Between 3.53% and 10.69%).

STEP 4 Within each of the 3 ROTA GROUPS, calculate each performance measure.

STEP 5 Arrange the results from high to low in each of the 3 groups for each measure.

STEP 6 Determine the median value for <u>each</u> measure in <u>each</u> ROTA group. This value is published as the representative performance measure for the group.

ROTA GROUP FIRM ARRAY

HIGHEST ROTA: 22.38%

HIGH ROTA GROUP

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.
.

UPPER QUARTILE: 10.69%

MIDDLE ROTA GROUP

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.
.

MEDIAN 6.83%

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.
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.

LOW ROTA GROUP

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.

LOWER QUARTILE: 3.53%

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.
.
.

LOWEST ROTA: -8.69%

ILLUSTRATION OF THE MEDIAN OF THE HIGH ROTA GROUP

	High ROTA Group
The Highest ROTA	22.38%
	.
	.
THE MEDIAN OF HIGH ROTA GROUP	15.21%
	.
	.
The Upper Quartile ROTA	10.69%

APPENDIX C

MFI PROFIT MODEL

The profit model summarizes a firm's, or an industry's, performance in three key management areas: sales profit margin management, asset management and financial position management. The model actually proceeds in two phases. Firstly, the return on sales and the asset turnover are multiplied for the return on assets. The product of this multiplication is also known as the measure Return On Total Assets (ROTA).

$$\frac{\text{Net Profit Before Taxes}}{\text{Net Sales}} \times \frac{\text{Net Sales}}{\text{Total Assets}} = \frac{\text{Net profit Before Taxes}}{\text{Total Assets}}, \text{ or (ROTA)}$$

Secondly, Return On Total Assets (ROTA) and the leverage multiplier are multiplied for the measure Return On Net Worth (RONW), that is:

ROTA x Financial Leverage Multilpier = RONW

These two phases are customarily run together in summary fasion. We will display the model and substitute values from the financial statements of the fictitious Alpha Paper Company.

Alpha Paper's Data:

Net Sales	=	$10,000,000
Net Profit Before Taxes	=	350,000
Total Assets	=	2,700,000
Total Debt	=	1,350,000
Net Worth	=	1,350,000

Alpha Paper's Profit Model:

Profit Margin On Sales	x	Total Asset Turnover	=	Return On Total Assets	x	Financial Leverage Multiplier	=	Return On Net Worth
$\frac{\text{Net profit Before Taxes}}{\text{Net Sales}}$	x	$\frac{\text{Net Sales}}{\text{Total Assets}}$	=	$\frac{\text{Net profit Before Taxes}}{\text{Total Assets}}$	x	$\frac{\text{Total Assets}}{\text{Net Worth}}$	=	$\frac{\text{Net profit Before Taxes}}{\text{Net Worth}}$
$\frac{\$ 350,000}{\$10,000,000}$	x	$\frac{\$10,000,000}{\$ 2,700,000}$	=	$\frac{\$ 350,000}{\$2,700,000}$	x	$\frac{\$2,700,000}{\$1,350,000}$	=	$\frac{\$ 350,000}{\$1,350,000}$
3.5%		3.70		12.96%		2.00		25.93%

APPENDIX D

DEFINITIONS OF PERFORMANCE MEASURES*

1. RETURN ON CAPITAL EMPLOYED (%) =

$$\frac{\text{Net Profit Before Taxes} + \text{Interest on Borrowed Capital} - \text{Income from Outside Investments}}{\text{Ending Capital and Surplus}^{**} + \text{Long Term Liabilities} + \text{Bank Loans}^{***} - \text{Outside Investments}}$$

2. NET PROFIT BEFORE TAXES AS % NET WORTH (%) =

$$\frac{\text{Net Profit Before Taxes}}{\text{Ending Capital and Surplus}^{**}}$$

3. TOTAL ASSETS TO NET WORTH (X) =

$$\frac{\text{Ending Total Assets}}{\text{Ending Capital and Surplus}^{**}}$$

4. NET PROFIT BEFORE TAXES AS % TOTAL ASSETS (%) =

$$\frac{\text{Net Profit Before Taxes}}{\text{Ending Total Assets}}$$

5. NET PROFIT BEFORE TAXES AS % NET SALES (%) =

$$\frac{\text{Net Profit Before Taxes as}}{\text{Net Sales}}$$

6. NET PROFIT BEFORE TAXES AS % NET SALES (LIFO ADJ; %) =

$$\frac{\text{Net Profit Before Taxes} + \text{Additions to (Deletions from) LIFO Reserve}}{\text{Net Sales}}$$

7. NET SALES TO TOTAL ASSETS (X) =

$$\frac{\text{Net Sales}}{\text{Ending Total Assets}}$$

8. WHSE PRINT PAPER GROSS MARGIN AS % WHSE PRINT SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse Print Paper Sales}}{\text{Total Whse Print Paper Sales}}$$

9. WHSE & INDIRECT PRINT PAPER GROSS MARGIN AS % WHSE & INDIRECT PRINT PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse \& Indirect Print Paper Sales}}{\text{Total Whse \& Indirect PP Sls}}$$

10. DIRECT PRINT PAPER GROSS MARGIN AS % DIRECT PRINT PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Direct Print Paper Sales}}{\text{Total Direct Print Paper Sales}}$$

11. WHSE INDUSTRIAL PAPER GROSS MARGIN AS % WHSE INDUSTRIAL PAPER SALES (%) =

$$\frac{\text{Gross Trading Margin on Whse Industrial Paper Sales}}{\text{Total Whse IP Sales}}$$

*See the survey questionnaire in Appendix G for definitions of data inputs to these measures.

**Capital and Surplus = Common Equity = Net Worth.

***Bank Loans Due in Less Than One Year was added to the denominator in 1978.

12.	WHSE & INDIRECT INDUSTRIAL PAPER GROSS MARGIN AS % WHSE & INDIRECT IP SALES (%)	=	Gross Trading Margin on Whse & Indirect Industrial Paper Sales / Total Whse & Indirect IP Sales
13.	DIRECT INDUSTRIAL PAPER GROSS MARGIN AS % DIRECT INDUSTRIAL PAPER SALES (%)	=	Gross Trading Margin on Direct Industrial Paper Sales / Total Direct IP Sales
14.	WAREHOUSE & INDIRECT SALES AS % TOTAL SALES (%)	=	Whse & Indirect Sales / Total Net Sales
15.	PERCENT SALES CHANGE OVER PRIOR YEAR (%)	=	1983 Sales - 1982 Sales / 1982 Sales
16.	NET SALES PER EMPLOYEE ($000)	=	Total Net Sales / Av. Total No. of People Employed*
17.	GROSS MARGIN PER EMPLOYEE ($000)	=	Total Gross Margin / Av. Total No. of People Employed*
18.	TOTAL PAYROLL AS % GROSS MARGIN (%)	=	Total Payroll / Total Gross Trading Margin
19.	SALES SERVICE & SELLING EXPENSE AS % GROSS TRADING MARGIN (%)	=	Total Sales Service Expense + Total Selling Expense / Total Gross Trading Margin
20.	TOTAL OPERATING EXPENSES AS % GROSS TRADING MARGIN (%)	=	Total Operating Expenses / Total Gross Trading Margin
21.	PRINT PAPER INVENTORY TURNOVER (WHSE ONLY; %)**	=	Total Whse Print Paper Cost of Goods Sold / [Beginning of PP Inventory + Ending PP Inventory] / 2
22.	GROSS MARGIN RETURN ON ON PRINT PAPER INVENTORY (WHSE ONLY; %)**	=	Total Whse Print Paper Gross Trading Margin / [Beginning of Print Paper + Ending PP Inventory] / 2
23.	INDUSTRIAL PAPER INVENTORY TURNOVER (WHSE ONLY; X)**	=	Total Whse Industrial Paper Cost of Goods Sold / [Beginning IP Inventory + Ending IP Inventory] / 2
24.	GROSS MARGIN RETURN ON INDUSTRIAL PAPER INVENTORY (WHSE ONLY; %)**	=	Total Whse Industrial Paper Gross Trading Margin / [Beginning IP Inventory + Ending IP Inventory] / 2
25.	DAYS SALES IN ACCOUNTS RECEIVABLE ON NOVEMBER 30 (DAYS)	=	[Trade Notes & Accounts Receivable on Nov. 30, 1982] x 61 / Credit Sales for Oct. & Nov., 1983

*See page G-9 in Appendix G for a definition of total personnel.
**Indirect sales were excluded from warehouse sales for 1978-81 but not for 1977.

APPENDIX E

MAJOR CHANGES IN THE NPTA/MFI SURVEY

RECOGNITION OF INDIRECT SALES IN THE 1978 AND LATER SURVEYS

A major change was made in the NPTA Survey starting with the 1978 data year. A new category of sales, namely, indirect sales was indentified.

The Survey Form asked the participants to identify warehouse, indirect and direct sales of both printing and industrial type papers separately. The reason for this modification is that indirect sales (also called special order or in-and-out sales) have revenue and expense factors that are different from those of warehouse sales. In addition, indirect sales can have a major impact on areas such as inventory turnover. If indirect sales are counted as straight warehouse sales, they can result in a misleadingly high value for inventory turnover and a perhaps misleadingly low value for warehouse expenses.

In the company PAR, inventory turnover values were calculated both including and excluding indirect sales. In Paper Merchant Performance, only the "warehouse only" inventory turnover measure is presented in the exhibits and tables. However, other measures are discussed in the text as appropriate.

As shown below for the 1978 Survey, only about half the survey forms included warehouse and indirect sales data:

	Number of Forms Reporting Data			
	Printing	Industrial	Dual	Total
Both Warehouse and indirect Sales Data Supplied Separately	42	32	33	107
Only Total Warehouse and Indirect Sales Data Supplied	75	78	55	208

The same pattern holds for gross profit data. Thus, the more detailed "warehouse" and "indirect" sales based measures related to sales mix, gross margin, and inventory turnover should be used with care.

LIFO ADJUSTMENTS IN THE 1978 AND LATER SURVEYS

First, the LIFO method inventory valuation can create significant distortions in various performance measures, such as gross margin, net profit margin, and inventory. In response to this problem, a number of new measures that adjust for the LIFO reserve and thus put everyone on an equal reporting basis have been added to the PAR. A thorough discussion of just how this was done is outlined in Appendix F.

In addition to all the new adjusted measures, there were two calculation changes. They are:

Net Profit Before Tax -- % Total Assets (adj.)
Net Profit Before Tax -- % Net Worth (adj.)

The total amount of ending LIFO reserve was added to ending assets and ending net worth for the calculation of both of these measures. This is discussed in Appendix F.

INVENTORY IN THE 1978 AND LATER SURVEYS

Another improvement in 1978 appearing in the company PAR was the use of average monthly inventory in calculating a number of new inventory management measures. Because inventories tend to fluctuate during the year due to the seasonable nature of business, the use of an average monthly figure is often more accurate in determining turnover than using the average of beginning and ending inventories.

One of the more significant inventory measures is the Turn and Earn Profitability Index. Turn & Earn is a combined inventory and gross margin performance measure. It is a product of Gross Margin Percent On Sales and physical Inventory Turnover (rather than Warehouse Sales To Inventory) as follows:

$$\text{Turn \& Earn Profitability Index} = \frac{\text{Gross Margin on Warehouse (and Indirect) Sales}}{\text{Whse (and Indirect) Sales}} \times \frac{\text{Warehouse (and Indirect) Cost of Goods Sold}}{\text{Average (Monthly) Inventory}}$$

$$= \text{Gross Margin \% On Whse (and Indirect) Sales} \times \text{Inventory Turnover Ratio}$$

$$= \text{"EARN"} \times \text{"TURN"}$$

Here, also, inventory is assumed to support warehouse and indirect sales. Therefore, warehouse and indirect gross profit and warehouse and indirect sales are used in the calculation.

The T&E Profitability Index can be used to obtain a first approximation of the profitability of carrying different product lines. Even though it does not consider differences in operating expenses or the other-than-inventory investment requirements associated with competing product lines, it usually provides considerable insight into the relative profitability of handling different product lines.

For the most part, these more refined measures appear in the company PARs received by individual firms but are not included in the Paper Merchant Performance.

ADDITIONS APPEARING IN COMPANY PARS INTRODUCED WITH THE STUDY OF 1980 DATA

ASSET MANAGEMENT

1. AVERAGE NUMBER OF YEARS ON LIFO
2. DAYS SALES IN AVERAGE MONTHLY IP (or PP) INVENTORY
3. AVERAGE COLLECTION PERIOD (AVERAGE MONTHLY A/R; DAYS)
4. AVERAGE MONTHLY ACCOUNTS RECEIVABLE TURNOVER (X)
5. RETURN ON AVERAGE MONTHLY ACCOUNTS RECEIVABLE INVESTMENT
6. AVERAGE PAYMENT PERIOD (AVERAGE MONTHLY ACCOUNTS PAYABLE)

WAREHOUSE ONLY

7. COST OF WAREHOUSE GOODS SOLD/AVERAGE INVENTORY (X)
8. WAREHOUSE GROSS MARGIN RETURN ON AVERAGE INVENTORY (%)
9. TURN & EARN PROFITABILITY INDEX (WHSE;%)

WAREHOUSE & INDIRECT

10. COST OF WAREHOUSE & INDIRECT GOODS SOLD/AVERAGE INVENTORY (X)
11. WAREHOUSE & INDIRECT GROSS MARGIN RETURN ON AVERAGE INVENTORY (%)
12. TURN & EARN PROFITABILITY INDEX (WAREHOUSE & INDIRECT;%)
    (In the past, all the above measures have been provided on a non-LIFO basis; that is, all firms adjusted to a FIFO basis. This year the above measures have been added, which mix data on both LIFO and FIFO bases, allowing you to make comparisons.)

OTHER MEASURES

13. NET SALES TO TOTAL ASSETS (ADJ; X)
14. TOTAL ASSETS TO NET WORTH (ADJ; X)
    (These well-known measures have been calculated on a non-LIFO basis. "Adj" means LIFO firms have been adjusted to a FIFO basis and then all firms considered together. The amount of your ending LIFO reserve is added to both Assets and Net Worth before the calculation is done.)

15. CASH DISCOUNTS TAKEN -- % CASH DISCOUNTS GIVEN (%)
16. CASH & CARRY RETAIL SALES AND BACKHAUL REVENUE DETAIL
17. TOTAL OPERATING EXPENSE PER EMPLOYEE ($000)
18. FRINGE BENEFITS PER EMPLOYEE ($000)
19. NET EDP EXPENSE -- % NET SALES

CONFIDENTIAL MEASURES

20. COMPENSATION OF HIGHEST (EXCL SALESMEN; $000)
21. COMPENSATION OF HIGHEST PAID (EXCL SALESMEN -- % SALES)
22. COMPENSATION OF 2ND HIGHEST PAID (EXCL SALESMEN; $000)
23. COMPENSATION OF 2ND HIGHEST PAID (EXCL SALESMEN -- % SALES)
24. COMPENSATION OF 3RD HIGHEST PAID (EXCL SALESMEN; $000)
25. COMPENSATION OF 3RD HIGHEST PAID (EXCL SALESMEN -- % SALES)

ADDITIONS APPEARING IN COMPANY PARS INTRODUCED WITH THE STUDY OF 1981 DATA

Some seventy new measures were added to the survey of 1981 data as reported in the company PARs. The major expansion was the inclusion of market analysis information.

PRINTING PAPER COMMODITY CLASSES:
- FREE SHEET, C-2-S (%)
- BUSINESS PAPERS, SULPHITE/SULPHATE (%)
- FREE SHEET, UNCOATED (%)
- GROUNDWOOD, C-2-S (%)
- BLEACHED BRISTOL (%)
- BUSINESS PAPERS, COTTON FIBER (%)
- OTHER (%)
- TOTAL, PRINT PAPER COMMODITY CLASSES

PRINTING PAPER CUSTOMER CLASSES:
- COMMERCIAL PRINTERS (%)
- INPLANT PRINTERS (%)
- QUICK COPIERS (%)
- BUSINESS FORMS MANUFACTURERS (%)
- BUSINESS OFFICE BUYERS (%)
- BOOK PUBLISHERS (%)
- GOVERNMENTAL AGENCIES (%)
- OTHER (%)
- TOTAL, PRINT PAPER CUSTOMER CLASSES

INDUSTRIAL PAPER COMMODITY CLASSES:
- SANITARY PAPERS & PERS SERV DISPOS (%)
- FOOD SERVICE DISPOSABLES (%)
- IND PACKAGING SUPPLIES & EQUIP (%)
- JANITORIAL SUPPLIES & EQUIP (%)
- RETAIL/MATCHED PACKAGING (%)
- HEALTH CARE DISPOSABLES (%)
- OTHER (%)
- TOTAL, INDUSTRIAL COMMODITY CLASSES

INDUSTRIAL PAPER CUSTOMER CLASSES:
- FOOD & FOOD SERVICES (%)
- FAST FOOD OUTLETS (%)
- HEALTH CARE INSTITUTIONS (%)
- INDUSTRIAL MANUFACTURERS (%)
- PUBLIC INSTITUTIONS (%)
- (OTHER) RETAIL BUSINESS (%)
- (OTHER) SERVICE INDUSTRIES (%)
- OTHER (%)
- TOTAL, INDUSTRIAL CUSTOMER CLASSES

APPENDIX F

PERFORMANCE MEASURES ADJUSTED FOR LIFO ACCOUNTING

In periods of inflation, the use of a LIFO inventory valuation approach will typically reduce a firm's ending inventory valuation and, thus, also reduce its reported gross profit and net profit before taxes. An increasing number of firms are willing to accept lower accounting profits in order to reduce their taxes and increase their after tax cash flow. Other firms, for a variety good and sufficient reasons, choose to remain on FIFO or a similar approach.

In order to increase the comparability of the performance measures calculated for LIFO and non-LIFO firms, the LIFO reserves of the LIFO firms are added back to their reported gross profit, net profit, inventory, and other values as appropriate and "LIFO adjusted" measures are calculated. These adjusted measures are then integrated with the unadjusted measures of the non-LIFO (FIFO) firms and new, more comparable performance measures are calculated.

The approach used to calculate the "LIFO adjusted" measures for a typical LIFO firm is illustrated in Tables 1 and 2. Table 1 shows data that a typical firm on LIFO might have reported on its Survey Form (Column A); the "LIFO Adjustments" that would have been made by MFI (Column B); and the firm income statement and balance sheet data "as adjusted" (Column C).

The "as reported" data from Table 1, Column A are used to calculate the unadjusted performance measures shown in Table 2, Column D. The "LIFO Adjusted" performance measures shown in Table 2, Column E are calculated from the "as adjusted" data shown in Table 1, Column C. As discussed above, the "as adjusted" measures for the LIFO firms are combined with unadjusted data from the other participating firms to calculate the various "LIFO adjusted" industry performance measures shown in your company PAR.

TABLE 1
ADJUSTING FOR LIFO INVENTORY VALUATIONS
(Adjustments made before LIFO adjusted performance measures are calculated)

	TYPICAL LIFO FIRM DATA		
	Firm Data As Reported (A)	LIFO Adjustment (B)	Firm Data As LIFO Adjusted (C)
INCOME STATEMENT			
Net Sales	$15,000,000	0	$15,000,000
Cost of Goods Sold	13,464,000	-$90,000[1]	13,374,000
Gross Trading Margin	$ 1,536,000	+$90,000	$ 1,626,000
Net Profit Before Taxes	$ 206,000	+$90,000	$ 296,000
WAREHOUSE SALES & GROSS MARGIN			
Warehouse Sales	$ 8,000,000		$ 8,000,000
Warehouse Cost of Goods Sold	6,800,000	-$90,000	6,710,000
Warehouse Gross Margin	$ 1,200,000	+$90,000	$ 1,290,000
WAREHOUSE & INDIRECT SALES AND GROSS MARGIN			
W&I[2] Sales	$10,000,000		$10,000,000
W&I Cost of Goods Sold	7,900,000	-$90,000	7,810,000
W&I Gross Margin	$ 2,100,000		$ 2,190,000
ASSET ITEMS			
Accounts Receivable	$ 1,560,000	---	$ 1,560,000
Inventory (Beginning)	$ 1,300,000	+$180,000	$ 1,480,000
Inventory (Ending)	$ 1,740,000	+$270,000	$ 2,010,000
Inventory (Average)	$ 1,520,000	+$225,000	$ 1,745,000
Total Current Assets	$ 3,500,000	+$270,000	$ 3,770,000
Total Assets	$ 3,800,000	+$270,000	$ 4,070,000
LIABILITY & NET WORTH ITEMS			
Total Debt	$ 2,100,000	---	$ 2,100,000
Net Worth	$ 1,700,000	+$270,000	$ 1,970,000
LIFO RESERVES			
Beginning LIFO Reserve	$ 180,000		
Additions to LIFO Reserve	$ 90,000		
Ending LIFO Reserve	$ 270,000		

[1]All adjustments in this column are developed from the "LIFO Reserve" data appearing at the bottom of Column A.
[2]W&I = Warehouse & Indirect.

TABLE 2

LIFO ADJUSTED PERFORMANCE MEASURES
(All dollar values in thousands of dollars)

	(D) UNADJUSTED CALCULATION[1]	(E) LIFO ADJUSTED CALCULATION[2]
PROFITABILITY PERFORMANCE MEASURES		
Gross Margin / Net Sales	$ 1,536 / $15,000 = 10.24%	$1,536 + $90 / $15,000 = 10.84%
Gross Margin on Whse Sales / Whse Sales	$ 1,200 / $ 8,000 = 15.00%	$1,200 + $90 / $8,000 = 16.13%
Gross Margin on W&I Sales / Warehouse & Indirect Sales	$ 2,100 / $10,000 = 21.00%	$2,100 + $90 / $10,000 = 21.90%
Net Profit Before Taxes / Net Sales	$ 206 / $15,000 = 1.37%	$ 206 + $90 / $15,000 = 1.97%
Net Profit Before Taxes / Total Assets	$ 206 / $ 3,800 = 5.42%	$ 206 + $90 / $3,800 + $270 = 7.27%
Net Profit Before Taxes / Net Worth	$ 206 / $ 1,700 = 12.12%	$ 206 + $90 / $1,700 + $270 = 15.03%
LIFO INVENTORY USE		
Ending LIFO Reserve to Ending Inventory	$ 270 / $ 1,740 = 15.52%	
Additions to LIFO Reserve As % Net Profit Before Taxes	$ 90 / $ 206 = 43.69%	
Additions to LIFO Reserve As % Net Sales	$ 90 / $15,000 = .60%	
INVENTORY MANAGEMENT MEASURES		
Cost Whse Goods Sold / Avg Inventory	$ 6,800 / $ 1,520 = 4.47x	$6,800 - $90 / $1,745 = 3.85x
Whse Gross Margin[3] / Return on Avg Inventory	$ 1,200 / $ 1,520 = 78.95%	$1,200 + $90 / $1,745 = 73.93%
Turn & Earn Profitability Index[4]	15.00% x 4.47 = 67.11%	16.13% x 3.85 = 62.01%

[1](Based on data as reported) and shown in Table 1, Column A.
[2](Based on LIFO firm data with LIFO additions or reserves added back as appropriate) as shown in Table 1, Column C.
[3]Warehouse Gross Profit divided by Average Inventory
[4]"Warehouse Gross Margin (%)" times "Cost of Warehouse Goods Sold to Average Inventory"

TABLE 2 (CON'T)

LIFO ADJUSTED PERFORMANCE MEASURES
(All dollar values in thousands of dollars)

	(D) UNADJUSTED CALCULATION[1]	(E) LIFO ADJUSTED CALCULATION[2]
Cost of Goods Sold / Average Inventory	$\frac{\$7,900}{\$1,520} = 5.20x$	$\frac{\$7,900 - \$90}{\$1,745} = 4.48x$
W&I Gross Margin Return on Avg Inventory	$\frac{\$2,100}{\$1,520} = 138.16\%$	$\frac{\$2,100 + \$90}{\$1,745} = 125.5\%$
Turn & Earn Index (W&I)	21.00% x 5.20 = 109.2%	21.9% x 4.48 = 91.11%
ACCOUNTS RECEIVABLE MGT MEASURES		
Gross Margin Return on Accounts Receivable[3]	$\frac{\$1,536}{\$1,560} = 98.46\%$	$\frac{\$1,536 + \$90}{\$1,560} = 104.23\%$
Whse Gross Margin Return on Accounts Receivable[4]	$15.00\% \times \frac{\$15,000}{\$\ 1,560} = 144.23\%$	$16.13\% \times \frac{\$15,000}{\$\ 1,560} = 155.10\%$

[1](Based on data as reported) and shown in Table 1, Column A.
[2](Based on LIFO firm data with LIFO additions or reserves added back as appropriate) as shown in Table 1, Column C.
[3]Total Gross Profit divided by Ending Accounts Receivable
[4]Warehouse Gross Margin (%) times "Total Sales divided by Ending Accounts Receivable"

CONFIDENTIAL QUESTIONNAIRE

THE NATIONAL PAPER TRADE ASSOCIATION (NPTA)
THE PERFORMANCE ANALYSIS REPORT (PAR)

INSTRUCTIONS

1. The company PAR is intended to be a working financial tool for printing, industrial and dual paper merchants that are members of the NPTA. Please report only those operations that are directly associated with your merchant operations. Please exclude distribution of unassociated, non-paper products, converting and manufacturing operations. (Converting operations to be excluded are roll-to-sheet changes, box and envelope manufacturing as well as sheeting, slitting and rewinding. Cutting and hole punching as a service of sales are not considered converting for this report.) If you cannot separate such operations and feel that they constitute a minor portion of your business, i.e., they are less than 20%, you are urged to complete the questionnaire.
2. To assure confidential reporting, do not affix your company name to this questionnaire. A code number identifies your data to the survey computer.
3. Report figures for your most recent, completed fiscal year (See page 12 for guidelines for firms unable to report on a fiscal year basis.)
4. To participate effectively in the survey, you need not complete all sections of this form. However, the more fully you answer this questionnaire, the more complete will your report be. The requested major income statement and balance sheet items are items available to every paper merchant.
5. If your business encompasses more than a single location, fill out a separate questionnaire for each branch or region for which a PAR is desired. You may obtain additional forms from the NPTA.
6. A definition sheet is provided on pages 11 and 12 explaining certain input items. An asterisk (*) following a request item signifies that a definition applies. Use these definitions to assure reporting consistency.
7. In reporting, be as accurate as possible; verify that sub-totals and totals are true sums of their indicated components. Round dollar amounts to the nearest whole dollar. Use minus signs, not brackets, to report negative numbers.
8. Type if possible to minimize data transfer errors.
9. Make a copy of your completed form.
10. The NPTA Research Director, John LaRosa at (516) 829-3070 is available to help answer your questions regarding this survey.
11. **DUE DATE FOR QUESTIONS SUBMISSION: APRIL 1, 1984**
12. Complete and submit this questionnaire as promptly as possible to:

MANAGEMENT FORESIGHT, INC.
1670 FISHINGER ROAD
COLUMBUS, OHIO 43221

CONFIDENTIAL QUESTIONNAIRE

PROCESSING AND PRODUCTION ORDER FORM

The NPTA/MFI Performance Analysis Report (PAR) Survey is the cornerstone of the NPTA's Financial Management Services to its member firms. For this reason and to encourage participation, the NPTA substantially subsidizes the Survey and offers each participating firm at least one Standard, or One Year, company PAR at no cost beyond the annual dues investment.

Participants can request special reports at prices listed below. The listed prices are pre-production prices; post-production orders will entail additional costs.

For companies seeking trend PARs, MFI must have this past year's data as well as earlier data; such earlier data either is on file from previous participation or is filed now at some cost to the participant. (Contact the NPTA Research Director for details if you want a trend PAR but did not participate last year.)

Multilocation participants may incur costs for extra branch or divisional reports. (See Billing Memo below.)

You must submit a questionnaire to receive a PAR. You must submit data for a branch, divisional, regional or total firm unit to receive information for that unit. You must submit data for a region to receive information for that region.

OPTIONS AVAILABLE FOR PROCESSING AND PRODUCING PAR # _____
(Mark your preferences)

I. GENERATE FROM THIS QUESTIONNAIRE
- ☐ a One Year Standard PAR
- ☐ a Two Year Trend PAR (cost $100)
- ☐ a Three Year Trend PAR (cost: $160)

II. EXECUTIVE SUMMARY
- ☐ $45

III. PRINT FIRST COPY
- ☐ on 11" x 15" sized paper
- ☐ on 8½" x 11" sized paper (cost: $10)

IV. PRINT ADDITIONAL COPIES OF PAR KIND(s) MARKED ABOVE
(NOTE: All extra copy orders will be on 8½" x 11" sized paper.)
- ☐ # _____ extra copies of 1-Year PAR (cost: $20 each)
- ☐ # _____ extra copies of 2-Year PAR (cost: $25 each)
- ☐ # _____ extra copies of 3-Year PAR (cost: $30 each)

V. HOW TO USE PAR
- ☐ Tape $3.50

BILLING MEMO TO MULTILOCATION COMPANIES

After all orders are placed, the NPTA will review each company's order(s) and will bill according to the following principles. If you are a MULTILOCATION FIRM OPERATION WITHIN A SINGLE NPTA REGION (See page three for definitions of regions.), you are entitled to one free consolidated report and one free branch or divisional report; additional branch or divisional reports will be billed as listed below. If you are a MULTILOCATION FIRM OPERATING IN MORE THAN ONE NPTA REGION, you are entitled to one free consolidated report and one free branch or divisional report for each region in which you report; additional branch or divisional reports will be billed as follows:

PAR KIND	11" X 15" SIZE	8½" X 11" SIZE
1-Year	First copy: $170 ea. extra copy: $20	First copy: $180 ea. extra copy: $30
2-Year	First copy: $225 ea. extra copy: $25	First copy: $235 ea. extra copy: $35
3-Year	First copy: $270 ea. extra copy: $30	First copy: $280 ea. extra copy: $40

QUESTIONNAIRE DATA CLASSIFICATION

I. COMPANY IDENTIFICATION CODE: ★ NPTA _____

II. FILING CLASSIFICATION

These classifications are intended to preclude double counting and to assure the purity of regional information. (Regions are defined below.) Mark the box that describes the data in this form. Classes A and B flag data for inclusion in the Survey's data base while allowing comparison with the data base. C and D bar inclusion in, while allowing comparison with, the data base. (Your preference regarding comparison with the data base is marked on p. 2, * I.)

☐ A. TOTAL FIRM DATA, NO OTHER QUESTIONNAIRE SUBMITTED
This form alone represents a total firm's operations; no other form represents a part thereof.

☐ B. BRANCH, DIVISIONAL OR REGIONAL DATA
This form represents one branch, division or region of a multilocation company. If you are submitting several forms for a multilocation firm, your B forms should be organized on the same basis, that is, they should be all branch questionnaires, all divisional questionnaires or all regional questionnaires.

☐ C. TOTAL FIRM DATA, IF BRANCH, DIVISIONAL OR REGIONAL FORMS ALSO SUBMITTED
This form represents a total firm's operations and is being submitted in addition to other forms that are classified as B forms.

☐ D. BRANCH, DIVISIONAL OR REGIONAL DATA, IF DATA INCLUDED ALSO IN ANOTHER FORM
This form represents the operations of a branch, division or region that is also reported in another form that is classified as A or B.

III. REGIONAL IDENTIFICATION

You must mark the region in which the reported data unit conducts all, or most, of its business. [129]

REGION 1 ..... ☐
Maine, Vermont, New Hampshire, Massachusetts, Connecticut and Rhode Island.

REGION 2 ..... ☐
New York, Pennsylvania, New Jersey, Maryland, Delaware and District of Columbia.

REGION 3 ..... ☐
Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee and Alabama

REGION 4 ..... ☐
Michigan, Wisconsin, Illinois, Indiana, Ohio, West Virginia, Kentucky and Missouri

REGION 5 ..... ☐
Minnesota, Iowa, North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming and Colorado.

REGION 6 ..... ☐
Idaho, Utah, Arizona, Nevada, New Mexico, Washington, Oregon, California, Alaska and Hawaii.

REGION 7 ..... ☐
Texas, Oklahoma, Louisiana, Arkansas and Mississippi.

MULTIPLE REGIONS .....(0) ☐
This form represents operations in more than one region.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report

(Based on 1983 Data)

Line Item No.	INCOME STATEMENT— SALES & GROSS TRADING MARGIN DATA FOR 1983	MFI ID#	Printing Paper Sales*	MFI ID#	Industrial Paper Sales	MFI ID#	Total Paper Sales
SECTION A Warehouse Sales							
1	Net Sales, After Returns and Allowances	[103]	$	[113]	$	[183]	$
2	Costs of Goods Sold	[104]	$	[114]	$	[184]	$
3	Gross Trading Margin	[105]	$	[115]	$	[185]	$
SECTION B Indirect Sales[1]							
4	Net Sales, After Returns and Allowances	[186]	$	[189]	$	[195]	$
5	Cost of Goods Sold	[187]	$	[190]	$	[196]	$
6	Gross Trading Margin	[188]	$	[191]	$	[197]	$
SECTION C (C)=(A+B) Warehouse & Indirect Sales[2]							
7	Net Sales, After Returns and Allowances	[198]	$	[201]	$	[207]	$
8	Cost of Goods Sold	[199]	$	[202]	$	[208]	$
9	Gross Trading Margin	[200]	$	[203]	$	[209]	$
SECTION D Direct Sales							
10	Net Sales, After Returns and Allowances	[108]	$	[118]	$	[213]	$
11	Cost of Goods Sold, Include (For Direct) Freight From Mill to Customer	[109]	$	[119]	$	[214]	$
12	Gross Trading Margin	[110]	$	[120]	$	[215]	$
SECTION E Total Sales							
13	Total Net Sales, After Returns & Allowances (Sum of Lines 1, 4 and 10 or Sum of Lines 7 & 10)	[204]	$	[210]	$	[3]	$
14	Total Cost of Goods Sold (Sum of Lines 2, 5 and 11 or Sum of Lines 8 & 11)	[205]	$	[211]	$	[4]	$
15	Total Gross Trading Margin (Line 13 minus Line 14, Also Sum of Lines 3, 6 and 12 or Sum of Lines 9 and 12)[3]	[206]	$	[212]	$	[5]	$

[1] "Indirect Sales" are those sales that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such sales are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

[2] If you cannot separate your warehouse and indirect sales you may omit Sections A and B, and report only in Sections C, D, and E.

[3] The GTM amount under Total Paper Sales must equal the amount in Line 30 on page 6.

The value above must equal Line 30 on page 6.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report

NOTE: All reporting firms should complete this section on the same basis for the years 1982 and 1983, whether a first time reporting firm or not, to avoid inconsistencies in reporting methods.

Please report on those operations that are directly associated with your paper merchant operations. Please do not include, for example, operations involving converting, floor covering, toy or other distribution and manufacturing operations if possible.

Line Item No.	PRIOR YEAR SALES DATA FOR THE YEAR OF 1982	MFI ID#	Printing Paper Sales	MFI ID#	Industrial Paper Sales	MFI ID#	Total Paper Sales
20	1982 Warehouse Sales (A)	[159]	$	[164]	$	[175]	$
21	1982 Indirect Sales (B)[1]	[160]	$	[165]	$	[176]	$
22	1982 Warehouse & Indirect Sales (C) = (A + B)[2]	[161]	$	[166]	$	[177]	$
23	1982 Direct Sales (D)	[162]	$	[167]	$	[178]	$
24	1982 Total Sales (E) (Sum of Lines 20, 21 and 23 or Sum of Lines 22 and 23)	[171]	$	[172]	$	[179]	$

[1] "Indirect Sales" are those sales that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such sales are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

[2] If you cannot separate your warehouse and indirect sales you may omit Lines 20 and 21 and report only on Lines 22, 23, and 24.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report (Based on 1983 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

Line Item No.	INCOME STATEMENT	MFI ID#	Dollar Amount
30	Total Firm Gross Trading Margin (Line 15, Column 3 From Page 4)	[7]	$
31	Storage*	[6]	$
32	Total Handling (Fixed+Variable)*	[70]	$
33	Delivery*	[9]	$
34	Office*	[10]	$
35	Administrative*	[11]	$
36	Sales Service*	[12]	$
37	Selling*	[13]	$
38	TOTAL OPERATING EXPENSE (31 to 37 Inclusive)	[15]	$
39	NET OPERATING PROFIT OR LOSS (Line 30 minus Line 38)	[16]	$
	OTHER NON-OPERATING INCOME (Financial Gains):		
50	Cash Discounts Earned For Prompt Payment (do not include elsewhere)	[17]	$
51	Income from Outside Investments	[14]	$
52	All Other Non-operating Income	[18]	$
53	TOTAL NON-OPERATING INCOME (Financial Gains) (Lines 50+51+52)	[19]	$
54	TOTAL INCOME (Line 39+53)	[23]	$
	OTHER NON-OPERATING EXPENSES (Financial Losses):		
60	Cash Discounts Allowed (do not include elsewhere)	[20]	$
61	Interest on Borrowed Capital	[24]	$
62	All Other Non-operating Expenses	[21]	$
63	TOTAL NON-OPERATING EXPENSES (Lines 60+61+62)	[22]	$
70	NET PROFIT OR (LOSS) BEFORE TAXES (Line 54 minus 63; show minus sign for loss)	[25]	$
71	Corporate Income Taxes (Federal, State, City)	[26]	$
72	NET PROFIT OR (LOSS) AFTER TAXES (Line 70 minus 71)	[27]	$

*For a specific definition and explanation of personnel and accounts to include, please refer to the definition sheet provided.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report (Based on 1983 Data)

Line Item No.	BALANCE SHEET COMPARABLE WITH DISTRIBUTION PROFIT AND LOSS STATEMENT	MFI ID#	Dollar Amount
90	Cash & Cash Equivalent	[30]	$
91	Accounts & Notes Receivable, Trade (Minus Reserve for Bad Debts)-Printing and Industrial	[31]	$
92	Inventory (Net of Reserve for LIFO)-Printing and Industrial (Include "In Transit")	[32]	$
93	Other Current Assets and Those Not Included in Items 91 and 92	[33]	$
94	TOTAL CURRENT ASSETS (Sum of Lines 90+ 91+ 92+ 93)	[35]	$
95	Net Fixed Assets	[36]	$
96	Outside Investments	[37]	$
97	Other Non-Current Assets	[38]	$
98	TOTAL ASSETS (Sum of Lines 94+ 95+ 96+ 97)	[40]	$
99	Accounts Payable-Printing and Industrial	[41]	$
100	Bank Loans Due in Less than One Year (Include Intercompany Liabilities)	[42]	$
101	Other Current Liabilities and Those Not Included in Item 99	[43]	$
102	TOTAL CURRENT LIABILITIES (Sum of Lines 99+ 100+ 101)	[45]	$
103	LONG TERM LIABILITIES (Include Intercompany Liabilities)	[46]	$
104	NET WORTH (Equity)	[49]	$
105	TOTAL LIABILITIES & NET WORTH (Sum of Lines 102+ 103+ 104; Should equal Line 98 Above)	[50]	$
	OTHER INVENTORY DATA (Report "Net of Reserve For LIFO")		
106	Printing Paper Inventory on First Day of Fiscal Year†	[121]	$
107	Industrial Paper Inventory on First Day of Fiscal Year†	[122]	$
108	TOTAL INVENTORY ON FIRST DAY OF FISCAL YEAR† (Sum of Lines 106 + 107)	[123]	$
109	Printing Paper Inventory on Last Day of Fiscal Year†	[124]	$
110	Industrial Paper Inventory on Last Day of Fiscal Year†	[125]	$
111	TOTAL INVENTORY ON LAST DAY OF FISCAL YEAR† (Sum of Lines 109 + 110; **Should Equal Line 92)**	[126]	$
112	Average Monthly Printing Paper Inventory, i.e., the FIFO amount	[193]	$
113	Average Monthly Industrial Paper Inventory, i.e., the FIFO amount	[194]	$
114	Inventory is Recorded on (Please Check Box)	[130]	(1) ☐ FIFO (2) ☐ LIFO (3) ☐ Other
115	Number of years on LIFO	[100]	_____ yrs.

116 IF YOUR INVENTORY WAS ON LIFO, PLEASE COMPLETE THE FOLLOWING SECTION:

	Printing Paper		Industrial Paper		Total Paper	
LIFO Reserve, Beginning of the fiscal Year	[134]	$ _____	[223]	$ _____	[131]	$ _____
Additions to (shown by a plus sign), or deletions from (shown by a minus sign), LIFO Reserve in 1983	[181]	$ _____	[224]	$ _____	[132]	$ _____
LIFO Reserve, at the End of the fiscal Year	[222]	$ _____	[225]	$ _____	[133]	$ _____

†If on LIFO, report inventory at LIFO value, that is, "Net of LIFO Reserve."

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report (Based on 1983 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

Line Item No.	ACCOUNTS RECEIVABLE DATA "Printing and Industrial Only"	MFI ID#	Dollar Amount
120	Bad Debt Losses in 1983 (Actual Losses After Recoveries)	[92]	$
121	Reserve for Bad Debts — End of 1983	[93]	$
122	Credit Sales for October and November, 1983	[94]	$
123	Trade Notes & Accounts Receivable (After Reserve for Bad Debts) on November 30, 1983	[95]	$
124	Accounts Receivable that Were 30 to 59 Days Old on November 30, 1983	[218]	$
125	Accounts Receivable that Were 60 to 89 Days Old on November 30, 1983	[219]	$
126	Accounts Receivable that Were 90 Days and Over on November 30, 1983	[220]	$
127	Average Monthly Accounts Receivable (Divide the sum of the twelve monthly amounts by twelve)	[144]	$
	PURCHASES-PAYABLES DATA (For Trade Suppliers)		
130	Your Total Purchases From Trade Suppliers for the Year, After Returns but Before Discounts Earned	[221]	$
131	Your Net Purchases from Trade Suppliers in Nov. and Dec. 1983, After Returns but Before Discounts Earned	[28]	$
132	Your Trade Accounts Payable on Dec. 31, 1983	[29]	$
133	Average Monthly Accounts Payable (Divide the sum of the twelve monthly amounts by twelve)	[145]	$
	OTHER DATA		
140	What Were Your Total Lease Payments for Both Facilities and Equipment in 1983?	[34]	$
141	What Were Your Total Data Processing Expenses in 1983? Include both equipment and facility lease payments and/or depreciation, people costs, supplies and service bureau costs. Do not include any Data Processing occupancy costs (space charges, power, etc.) or postage, invoice or statement costs. Do not subtract offsetting Data Processing Service Sales.	[47]	$
142	What Were Your Dollar Sales of Data Processing Services to Outside Parties in 1983 (if any)?	[48]	$
143	Number of Warehouse Locations.	[97]	#
144	Total **Cubic Feet** of Warehouse Space (length x width x potential stacking height of all warehouse space).	[192]	cu. ft.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report (Based on 1983 Data)

It is not necessary to supply any of the following data to effectively participate in the Survey. If you can supply the data, the industry results will be more valuable and your PAR Report will be more complete. Furnish what you can, particularly Line 212.

Please report only those people who are associated with the other data reported on the Survey Form. For example, since you do not report on a conversion operation, do not report those people here.

Line Item No.	Personnel—by Function (See note Below)	MFI ID#	Number of People in Function†	MFI ID#	Payroll: Salaries Commissions and Bonuses†
200	Owner-Managers	[51]		[71]	$
201	Non-Owner Chief Executive Officer	[52]		[72]	$
202	Branch Managers	[53]		[73]	$
203	All Other Managers	[54]		[74]	$
204	Non-Executive Office Employees (Clerical)	[55]		[75]	$
205	TOTAL MANAGEMENT & OFFICE PERSONNEL (Sum of Lines 200 thru 204)	[56]		[76]	$
206	Outside Salesmen & Sales Managers	[57]		[77]	$
207	All Sales Service Personnel	[58]		[78]	$
208	TOTAL SELLING PERSONNEL (Sum of Lines 206+207)	[59]		[79]	$
209	All Handling Personnel (Warehouse)	[60]		[80]	$
210	All Delivery Personnel (Include Contract Drivers)	[61]		[81]	$
211	All Other Personnel	[62]		[82]	$
212	TOTAL PERSONNEL & PAYROLL (Sum of Lines 205+208+209+210+211)	[66]		[86]	$
213	Total Contributions to Profit Sharing and Pension Fund for Owner-Managers			[87]	$
214	Total Contributions to Profit Sharing and Pension Fund for all Non-Owner Employees			[88]	$
215	All Other Fringe Benefits Including Group Life, Health and Accident Insurance & Payroll Taxes for All Employees			[89]	$
216	TOTAL FRINGE BENEFIT COSTS (Sum of Items 213+214+215)			[90]	$
217	TOTAL COMPENSATION (Sum of Lines 212+216)			[91]	$

OTHER PERSONNEL DATA

220	Total Compensation of First Highest Paid Employee: including Owners and Salesmen on Commission. Include salary, bonuses and contributions to pension and profit sharing plans.	[98]	$
221	Total Compensation of First Highest Paid Employee: including Owners but **excluding** Salesmen on commission. Include all compensation as in 220 above.	[146]	$
222	Total Compensation of Second Highest Paid Employee: including Owners and Salesmen on commission. Include all compensation as in 220 above.	[99]	$
223	Total Compensation of Second Highest Paid Employee: including Owners but **excluding** Salesmen on commission. Include all compensation as in 220 above.	[147]	$
224	Total Compensation of Third Highest Paid Employee: including Owners and Salesmen on commission. Include all compensation as in 220 above.	[173]	$
225	Total Compensation of Third Highest Paid Employee: including Owners but **excluding** Salesmen on commission. Include all compensation as in 220 above.	[148]	$
226	Total Travel and Entertainment Expense for Outside Salesmen in 1983.	[67]	$

†You should allocate the portion of the *dollar amount and number* of people to each function as accurately as possible—based upon the amount of *time* spent within each function. You may allocate as little as 1/10th of a person to a function. Convert part-time employees into full-time equivalents, depending on how much they worked relative to full-time employees. Firms providing centralized services to a number of houses should allocate number of people as well as costs to regional reports.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

Survey Form for the 1984 Performance Analysis Report (Based on 1983 Data)

PLEASE REPORT ONLY THOSE OPERATIONS THAT ARE DIRECTLY ASSOCIATED WITH YOUR PAPER MERCHANT OPERATIONS. PLEASE DO NOT INCLUDE, FOR EXAMPLE, OPERATIONS INVOLVING CONVERTING, FLOOR COVERING, TOY OR OTHER DISTRIBUTION AND MANUFACTURING OPERATIONS IF POSSIBLE.

It is not necessary to supply any of the following data to effectively participate in the Survey. However, "average order size" and "average invoice line amount" are very important performance measures that can help you evaluate sales, office and warehouse efficiency, and product line and customer profitability.
If you cannot separate your warehouse and indirect sales, you may wish to omit Lines 250-251, 260-261, and 270-271 and report on Lines 252, 262 and 272 instead.

Line Item No.	ORDER DATA	MFI ID#	Number of ORDERS For The Year	MFI ID#	Total Number of INVOICE LINES for The Year[2]
	PRINTING PAPER ORDERS:				
250	Warehouse Orders	[101]	ORDERS	[102]	LINES
251	Indirect (Special) Orders[1]	[83]	ORDERS	[84]	LINES
252	Warehouse & Indirect Orders (Sum of Lines 250 and 251)	[85]	ORDERS	[127]	LINES
253	Direct Orders	[106]	ORDERS	[107]	LINES
254	TOTAL PRINTING PAPER ORDERS (Sum of Lines 252 and 253)	[128]	ORDERS	[63]	LINES
	INDUSTRIAL PAPER ORDERS:				
260	Warehouse Orders	[111]	ORDERS	[112]	LINES
261	Indirect (Special) Orders[1]	[135]	ORDERS	[136]	LINES
262	Warehouse & Indirect Orders (Sum of Lines 260 and 261)	[137]	ORDERS	[138]	LINES
263	Direct Orders	[116]	ORDERS	[117]	LINES
264	TOTAL INDUSTRIAL PAPER ORDERS (Sum of Lines 262 and 263)	[139]	ORDERS	[140]	LINES
	TOTAL PRINTING AND INDUSTRIAL ORDERS:				
270	Total Warehouse Orders (Sum of Lines 250 and 260)	[151]	ORDERS	[152]	LINES
271	Total Indirect Orders (Sum of Lines 251 and 261)	[153]	ORDERS	[154]	LINES
272	Total Whse & Indirect Orders (Sum of Lines 252 and 262)	[155]	ORDERS	[156]	LINES
273	Total Direct Orders (Sum of Lines 253 and 263)	[157]	ORDERS	[158]	LINES
274	TOTAL ORDERS FOR THE YEAR (Sum of Lines 254 + 264, also Lines 272 + 273)	[1]	ORDERS	[2]	LINES

[1] "Indirect Orders" are those orders that are delivered from the manufacturer to the merchant for immediate final shipment as a unit (at the merchant's expense) to the merchant's customer. Normally such orders are not put into inventory but are handled to and from the receiving-shipping area of the merchant.

[2] A line item is defined as each product item shipped. Page 13 has a worksheet providing the guidelines for establishing the number of line items your firm handles per year.

IF YOU CANNOT OR DO NOT INTEND TO COMPLETE ANY LINE ITEM ON THE SURVEY FORM, IT IS RECOMMENDED YOU CROSS OUT, OR PUT A LINE THROUGH THE INFORMATION YOU ARE OMITTING TO AVOID CONFUSION WHEN THE DATA IS BEING TABULATED.

PLEASE TYPE ALL DATA WHEN POSSIBLE.

NATIONAL PAPER TRADE ASSOCIATION, INC.

DEFINITION SHEET

Survey Form for 1984 PAR

IN AN EFFORT TO STANDARDIZE AND PURIFY THE INFORMATION CONTAINED IN THE PAR REPORT, THE FOLLOWING DEFINITIONS, EXAMPLES AND EXPLANATIONS HAVE BEEN PROVIDED FOR YOUR CONVENIENCE. PLEASE REMOVE THE DEFINITION SHEET BY TEARING ALONG THE PERFORATED EDGE FOR EASY USE AND REFERENCE. YOU NEED NOT RETURN THE DEFINITION SHEET WITH THE COMPLETED QUESTIONNAIRE. SHOULD YOU HAVE ANY PROBLEMS OR QUESTIONS THAT CAN NOT BE ANSWERED BY THE INFORMATION PROVIDED ON THIS SHEET, PLEASE CALL NPTA RESEARCH DIRECTOR JOHN LA ROSA AT (516) 829-3070.

TOPICS	LINE ITEM NUMBER (S)	DEFINITIONS
Printing Paper Sales	1	Printing paper sales include sale of fine paper, envelopes, cut and standard sizes, text and covers and printing supplies (toner, inks, blankets, plates, etc.) including punching and cutting as a service of printing sales. Exclude all separate and discreet operations such as those mentioned at the top of the survey pages.
Brokerage	1 & 4	Brokerage, any item you do not bill for but receive commission on, should be excluded from sales information and put under "other income."
Conversion	1 & 4	Conversion operations include roll-to-sheet changes, box and envelope manufacturing, in addition to sheeting, slitting and rewinding. Do not consider cutting and hole punching as converting operations.
Storage	31	Storage includes, 1) Rent and/or depreciation, taxes, repairs and maintenance, and insurance apportioned to warehouse space, 2) heat and power apportioned to warehouse space, 3) payments for storage in public warehouses, and 4) insurance on merchandise.
Handling	32	Handling includes, a-Personnel: Warehouse foremen, paper cutters, shipping and receiving clerks, janitors and other warehouse employees. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for warehouse employees, 2) packing and shipping supplies, 3) depreciation, insurance, maintenance and repairs on storage and handling equipment, and 4) trimming, cutting and punching.
Delivery	33	Delivery includes, a-Personnel: Drivers, helpers and garage employees. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for delivery employees, 2) trucking rentals and payments to public carriers for warehouse sales (transportation cost on direct sales should be charged to cost of goods sold), 3) vehicle taxes, licenses and insurance, 4) portion of occupancy expense (rent, heat, power) allotted to vehicle storage, 5) gas, oil, tires, etc., 6) vehicle depreciation, repairs and maintenance, and 7) UPS and parcel post for warehouse sales.
Office	34	Office includes, a-Personnel: Typists, office machine operators, accounting department employees and managers, data processing employees and managers, general office employees, teletype and switchboard operators, office managers and office personnel. b-Accounts: 1) Salaries, wages and benefits (including pension, profit sharing and payroll taxes) for office employees, excluding Administration (see definition of item 35) and Sales Service Personnel, 2) apportionment of occupancy expense for office area (rent, heat, power), 3) rent or depreciation, repairs and maintenance on furniture, fixtures and equipment, 4) postage for general correspondence, 5) stationery, forms and office supplies, and 6) outside office services.
Administration	35	Administration includes, a-Personnel: Executives of the company, branch managers and those charged with the overall management, financial and credit policies of the business, including their personal secretaries and assistants. b-Accounts: 1) Salaries and benefits (including pension, profit sharing and payroll taxes) of administrative employees (less compensation attributable to other activities), 2) apportionment of occupancy expense for executive space (rent, heat, power), 3) rent and depreciation, repairs and maintenance on furniture, fixtures and equipment, 4) general liability insurance employee bonds and other insurance (exclusive of employee benefits), 5) telephone, telegraph and teletype expenses exclusive of sales and office activities, 6) bad debt, credit and collection expenses, 7) legal, auditing, consulting and directors' fees, 8) taxes exclusive of Federal Income Taxes and payroll taxes, 9) membership dues and subscriptions, 10) donations, and 11) executive entertainment and travel.

Sales Service	36	Sales service includes, a-Personnel: Advertising, merchandising, mill order, inventory, order desk, traffic, sample department personnel and purchasing agent. b-Accounts: 1) Salaries and benefits for sales service employees including managers (exclusive of compensation attributable to other significant activities), 2) apportionment of occupancy expense (rent, heat, power), 3) catalogs, samples and direct-mail advertising and samples, 4) postage and messenger service on advertising and samples, 5) media advertising, 6) telephone, telegraph and teletype related to selling, 7) salesmen's equipment and supplies, and 8) sales service personnel travel and entertainment.
Selling	37	Selling includes, a-Personnel: Outside salesmen, sales management and trainees. b-Accounts: 1) Salaries, commissions, bonuses and benefits (including pension, profit sharing and payroll taxes) paid for sales produced (includes attributable portion of executive and other salaries), 2) apportionment of occupancy expense (rent, heat, power), 3) automobile allowances, 4) travel and entertainment, and 5) incidental expenses.
Invoice Line Item		On each invoice a line item is each product item shipped. (A separate worksheet providing the guidelines for establishing the number of line items your firm handles per year is attached for your convenience).

GUIDELINES FOR FIRMS UNABLE TO REPORT ON FISCAL YEAR BASIS

The National Paper Trade Association, Inc., recommends that each member participating in the PAR Program, report financial information based on their most recent fiscal year. If, however, the fiscal year does not permit such reporting, or if the firm feels that more timely information is needed, NPTA recommends that the firm follow one of the following methods: 1) provide data from the four most recent quarterly reports, 2) use data from the previous twelve month period, although not necessarily a fiscal year, 3) use twelve most recent monthly reports, or 4) take information from fiscal year in progress and prorate the remaining months using prior year trends as a guideline.

Worksheet to Determine Weighted Average Number of Line Items

	Line No.	Printing Whse (A)	Printing Indirect (B)	Printing Whse & Ind. (C=A+B)	Printing Direct (D)	Indust. Whse (A)	Indust. Indirect (B)	Indust. Whse & Ind. (C=A+B)	Indust. Direct (D)
Block #1: Total Line Items	1								
Block #2: Total Line Items	2								
Total A (Line 1 + Line 2)	3								
Average Line Items For Total A (Total A ÷ 100)	4								
Block #3: Total Line Items	5								
Total B (Line 3 + Line 5)	6								
Average Line Items For Total B (Total B ÷ 150)	7								
Block #4: Total Line Items	8								
Total C (Line 6 + Line 8)	9								
Average Line Items For Total C (Total C ÷ 200)	10								

To determine the weighted average number of line items shipped per order by sampling, it is necessary to review prior orders for each major sector of the business. For survey purposes, define a line item as: Each product item shipped.

Orders may be reviewed in blocks of 50 until the average number of line items per order stabilizes and it can be assumed that the average represents a statistically valid figure.

Start by selecting 50 consecutive orders from 1-3 months old and 50 more from 5-8 months old for *each major sector.* Count the number of line items shipped (as defined above) on each. Insert these figures on the first and second lines of the above calculation form.

Add lines 1 and 2 to obtain the Total A or line 3. Divide the total on line 3 by 100 to determine the average number of line items per order in each category, and enter on line 4.

Select another representative block of 50 orders for *each major sector.* Again, count the line items on these orders and write the number on line 5. Add lines 3 and 5 to get the total; write on line 6. Divide this total by 150 to get the average number of line items per order for the three batches (line 7). If lines 4 and 7 are within 10% of each other, the figure on line 7 can be assumed to show a valid average number of line items and can be used to calculate expense rates.

If lines 4 and 7 vary by more than 10% for any category, choose another block of 50 representative orders for that category and complete lines 8, 9 and 10. If the averages on line 7 and 10 are within 10%, use this figure for expense calculation. Continue the sampling in this manner until the average number of line items stabilizes.

MISCELLANEOUS SECTION

NOTE: In order to develop new kinds of management information to meet the changing needs of paper merchanting, this Miscellaneous Section was planned to test the members' interest in, and ability to support, new kinds of management information for possible inclusion in future PARs. The items listed here are experimental and not integral parts of the PAR. Members are asked to answer these questions to the best of their ability making reasonable estimates where necessary. Completing these questions is wholely at the option of responding companies. Companies not completing these questions will receive their PARs; companies completing these questions will receive the resulting company and industry information in addition to their PARs; and, companies not completing these questions will receive the resulting industry information in addition to their PARs.

SECTION A: Converting Sales

315	What are your converting sales? (Sales of products you converted) as a percent of the total sales reported on this form?	[174]	_____ %

SECTION B: Cash-And-Carry Retail Sales(1)

		Printing Paper Sales		Industrial Paper Sales		Total Paper Sales	
320	1983 Net Sales, After Returns & Allowances	[64]	$ _____	[69]	$ _____	[141]	$ _____
321	1983 Cost of Goods Sold	[65]	$ _____	[150]	$ _____	[142]	$ _____
322	1983 Gross Trading Margin	[68]	$ _____	[96]	$ _____	[143]	$ _____
323	1982 Net Sales, After Returns & Allowances	[39]	$ _____	[44]	$ _____	[149]	$ _____
324	Total square feet of retail store(s)					[168]	_____ sq. ft.

(1) In order to explore Cash-And-Carry Retail Sales, merchants operating Cash-And-Carry Retail Sales outlets are asked to complete Section B. a) Merchants operating Cash-And-Carry outlets as profit centers separate from wholesaling and accounting for retailing separately from wholesaling should report available retail data in completing Section B; b) Merchants operating Cash-And-Carry Retail Sales but accounting for it under wholesaling should estimate retail data in completing Section B; the estimated retail amounts should not be subtracted from the wholesale data that is reported in line items 1-15 and 20-24.

SECTION C: Commodity and Customer Class Market Analysis

LINE ITEM NO.	PRINTING PAPER CUSTOMER CLASSES			MFI ID#	PERCENTAGE OF TOTAL SALES
	Commercial Printers (Excluding inplant and quick copiers)				
401	Web Fed Printers	[226]	_____ %		
402	Sheet Fed Printers	[227]	_____ %		
403	Total Commercial Printers (Sum of Lines 401+402)			[237]	_____ %
404	Inplant Printers:			[238]	_____ %
405	Quick Copiers:			[239]	_____ %
406	Business Forms Manufacturers:			[240]	_____ %
407	Business Office Buyers: Including: printed stationery and business forms; and, specification sales if possible Excluding: inplant printers and quick copiers			[241]	_____ %
408	Book Publishers:			[242]	_____ %
409	Governmental Agencies: Including: all levels of government, such as, public schools			[243]	_____ %
410	Other (making 100% when added to the above):			[244]	_____ %
	Total:				100%

LINE ITEM NO.	PRINTING PAPER COMMODITY CLASSES (Report sales as percentages of total printing paper sales. Report for major grades along the right hand side; add as much detail to the left as possible. Sub-totals and totals should sum their components. Estimate if necessary.)								PERCENTAGE OF TOTAL SALES	
451	Bleached Bristols								[234]	____ %
452	Cotton Fiber Papers								[235]	____ %
453	Free Sheets C-2-s								[230]	____ %
	Free Sheet, Uncoated:									
	Chemical Wood Writing:									
	Reproductive Grades:									
	Bond & Writing:									
454	In Cut Sizes	[228]	____ %							
455	In Rolls	[229]	____ %							
456	Sub-Total: Bond & Writing (Sum of Lines 454 and 455).			[306]	____ %					
457	Mimeograph			[307]	____ %					
458	Duplicating			[308]	____ %					
459	Sub-Total: Reproductive Grades (Sum of Lines 456, 457 and 458.)					[309]	____ %			
460	Form Bond					[310]	____ %			
461	Other Chemical Wood					[311]	____ %			
462	Total: Chemical Wood (Sum of Lines 459, 460 and 461.)							[231]	____ %	
463	Kraft Envelope							[312]	____ %	
464	Text & Cover							[313]	____ %	
	Uncoated Book:									
465	In Rolls					[314]	____ %			
466	In Sheets					[315]	____ %			
467	In Cut Sizes					[316]	____ %			
468	Total: Uncoated Book (Sum of Lines 465, 466 and 467.)							[317]	____ %	
469	Total: Free Sheets Uncoated (Sum of Lines 462, 463, 464 and 468.)								[232]	____ %
470	Groundwood, C-2-s								[233]	____ %
471	Groundwood, Uncoated								[318]	____ %
472	Thin Papers								[319]	____ %
473	Other Making 100% of Sales								[236]	____ %
	Total Printing Paper Commodity Classes									100%

SECTION C: Commodity and Customer Class Market Analysis

LINE ITEM NO.	INDUSTRIAL PAPER COMMODITY CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
501	Sanitary Papers and Personal Service Disposables: Including: paper products used in the washroom or for other personal application Excluding: products listed elsewhere in this survey	[245]	_____ %
502	Food Service Disposables: Including: products used in the preparation, serving and storage of meals Excluding: products used by food processors, meat packers and other bulk food operations for distribution through food channels	[246]	_____ %
503	Industrial Packaging Supplies and Equipment:		
	Packaging Equipment [325] _____ %		
504	Protective Packaging [326] _____ %		
505	Shipping Boxes [327] _____ %		
506	Tapes [328] _____ %		
507	Other Ind. Pack. Suppls. [329] _____ %		
508	Total Ind. Pack. Sppls. & Eqpmnt. (Sum of Lines 503 through 507.)	[247]	_____ %
509	Janitorial Supplies and Equipment: Including: products used exclusively in housekeeping functions Excluding: products listed elsewhere in this survey	[248]	_____ %
510	Retail/Matched Packaging: Including: products sold to retailers for customer packaging Excluding: products listed elsewhere in this survey	[249]	_____ %
511	Health Care Disposables: Including: products used exclusively by hospitals, nursing homes, clinics, etc. Excluding: products listed elsewhere in this survey	[250]	_____ %
512	Other (making 100% of sales):	[251]	_____ %
	Total:		100%

LINE ITEM NO.	INDUSTRIAL PAPER CUSTOMER CLASSES	MFI ID#	PERCENTAGE OF TOTAL SALES
551	Food and Food Services: Excluding: food processors, meat packers, and supermarkets	[252]	_____ %
552	Fast Food Outlets:	[253]	_____ %
553	Health Care Institutions: Including: hospitals, nursing homes, clinics, etc.	[254]	_____ %
554	Industrial Manufacturers:		
	Durable Goods Mfgrs. [330] _____ %		
555	Non-Durable Gds. Mfgrs. [331] _____ %		
556	Total Industrial Manufacturers (Sum of Lines 554+ 555.)	[255]	_____ %
557	Public Institutions: Including: all levels of governmental agencies Excluding: food and health care institutions listed above	[256]	_____ %
558	(Other) Retail Business: Including: department stores and supermarkets Excluding: fast food stores	[257]	_____ %
559	(Other) Service Industries: Including: cut size users Excluding: food and health services	[258]	_____ %
560	Other (making 100% of sales):	[259]	_____ %
	Total:		100%